



Daily Report

China

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Daily Report

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General

Foreign Ministry Holds Weekly News Briefing

MFN Conditions 'Unacceptable'

OW2307085392 Beijing XINHUA in English
0837 GMT 23 Jul 92

[Text] Beijing, July 23 (XINHUA)—A Chinese Foreign Ministry spokesman said here today that China will not accept any attempt to stop granting the most favored nation (MFN) status to China or attach conditions to the granting.

The spokesman made the remarks when asked by correspondents to comment on the bills passed by the House of Representatives of the U.S. Congress on July 21 on the non-approval of the renewal and a conditional renewal of the MFN status for China.

"The granting of the MFN status to each other by China and the U.S. is a reciprocal and mutually beneficial arrangement," the spokesman said.

He said that for many years, this arrangement has served to promote normal exchanges between the two peoples and the rapid growth of the economic and trade ties between the two countries.

"Any attempt, through legislation, to stop granting the MFN status to China or attach conditions to the granting is contrary to the principle of mutual benefit in trade, and is thus absolutely unacceptable to us," he said.

SRV Leader's Remarks Welcomed

OW2307083292 Beijing XINHUA in English
0819 GMT 23 Jul 92

[Text] Beijing, July 23 (XINHUA)—China today expressed welcome and appreciation for Vietnamese leader Do Muoi's recent remarks about Sino-Vietnamese relations.

When asked to comment on the remarks which described the development of Sino-Vietnamese relations as good, a Chinese Foreign Ministry spokesman said, "We welcome and appreciate" those remarks made by General Secretary Do Muoi of the Vietnamese Communist Party Central Committee.

Since the normalization of ties between China and Vietnam last November, there has been "a restoration and development of the bilateral relations in all areas," the spokesman said in response to a question raised by correspondents. "This is the result of the common efforts of both sides."

He said, "It is our hope that the Sino-Vietnamese relations will continue to develop on the basis of the Five Principles of Peaceful Coexistence, which is in the common interests of the people of the two countries and conducive to peace and stability in the region."

As for some differences existing between the two sides, he said, "They may be settled through negotiations, and they should not affect the development of the relations between the two countries."

Reportage on ASEAN Meeting Continues

Spratly Claim To Be 'Put Aside'

HK2207040792 Hong Kong SOUTH CHINA
MORNING POST in English 22 Jul 92 p 1

[By Michael Bociurkiw in Manila]

[Text] China agreed yesterday to shelve its territorial claims over the Spratly Islands and pursue joint development projects with rival countries.

According to Philippine sources at the 25th annual foreign ministers meeting of the Association of South-east Asian Nations (ASEAN), Chinese Foreign Minister Mr Qian Qichen said Beijing would temporarily put aside its claims over the chain of islands and participate in multilateral, informal talks with the six members of ASEAN.

China has also agreed to enter into in-depth talks with ASEAN on future economic and trade cooperation, even to the extent of creating a commission that would meet regularly to iron out frictions.

Mr Qian was quoted as saying that the Spratlys issue had been over-exaggerated by outside observers and that Beijing has no interest in filling a perceived power vacuum in the region.

Instead, China wants to pursue a peaceful solution towards one of the region's biggest potential flash points.

Mr Qian told ASEAN foreign ministers that in future the issue should be discussed in private.

He noted that recent troop cuts amounting to one million had been completed, and said China would continue reducing the size of its armed forces, diplomats attending the meeting said.

Mr Qian said China did not believe in a "vacuum theory" for the region but rather in the maintenance of a proper balance.

"Our feeling is that they are sincere," said Mr Romualdo Ong, the Philippine Foreign Office executive director for Asia-Pacific affairs, referring to the Chinese statement.

He added: "China is in favour of shelving the matter of territorial sovereignty and concentrating on cooperative activities in the area."

The future talks, which have no set time frame, would focus on "enhancing trust, communications and understanding", Mr Ong said.

Other sources said China probably would continue bilateral talks with rival countries on its own.

Tensions arising from rival claims over the Spratly Islands have dominated talks at the two-day conference, which is also being attended by the foreign ministers of Russia, Vietnam and Laos.

The Spratlys, which lie astride strategic shipping lanes, are claimed wholly or in part by China, Taiwan and Vietnam, and ASEAN members Malaysia, Brunei and the Philippines.

China, which occupies at least nine islets and shoals, claims all of the territory.

But Philippine Foreign Minister Mr Raul Manglapus said that when questioned over its plans to involve an American oil exploration firm on islands it claimed, Mr Qian's reply was that "there is no contradiction between the principles which they have stated and their actions in the area".

In response to China's explanation of its oil exploration agreement, Philippine Foreign Ministry official Mr Pablo Suarez said: "They have not answered this question forthrightly."

ASEAN also includes Indonesia, Singapore and Thailand.

Earlier, Chinese representatives, attending only as guests of the conference, were warned by some member countries to use restraint in the area as Beijing had sent signals in the past few months that it wanted to assert its sovereignty over islands it claimed.

Philippine President Mr Fidel Ramos officially opened the conference with a speech which contained an urgent plea for a peaceful solution towards the Spratly dispute.

Peaceful Settlement Advocated

OW2307015592 Beijing XINHUA Domestic Service
in Chinese 1551 GMT 22 Jul 92

[By reporter Xiong Changyi (3574 2490 5030)]

[Text] Manila, 22 Jul (XINHUA)—A spokesman of the Chinese delegation reiterated here today that the Chinese Government expressed appreciation for some basic principles set forth in a declaration on South China Sea which was adopted by the 25th ASEAN Foreign Ministers' Conference.

The spokesman made these remarks while being interviewed by this reporter.

He said: The basic principles expounded in the "ASEAN Declaration on South China Sea" are identical or similar to what China stands for. The Chinese Government has consistently advocated a peaceful settlement of territorial disputes over the Nansha [Spratly] Islands through negotiation and has been opposed to resorting to armed force. China has put forward a proposal for "laying disputes aside and undertaking joint development"; China is willing to hold negotiations with countries concerned when conditions are ripe or to lay disputes

aside for the time being when conditions are not ripe in order not to affect friendly relations between relevant countries.

The spokesman stressed: China always takes a positive attitude toward cooperation of mutual benefit in the South China Sea and toward the joint development of disputed areas by relevant countries. The Chinese side believes that through the joint efforts of relevant countries in this region, not only can peace and stability be maintained in the South China Sea but extensive cooperation can be conducted to promote common prosperity.

Economic Cooperation Urged

OW2207134092 Beijing XINHUA in English
1321 GMT 22 Jul 92

[Text] Manila, July 22 (XINHUA)—The foreign ministers of the Association of Southeast Asian Nations (ASEAN) have called for more economic cooperation between developing and developed countries.

They made the call in a joint communique issued at the conclusion of the two-day 25th ASEAN ministerial meeting here this afternoon.

In reviewing the international economic situation, the foreign ministers expressed concern over the decline of world output, the deceleration of trade growth in 1991 and the uncertain prospects for recovery in 1992.

They urged industrialized countries to vigorously pursue policies aimed at promoting sustained non-inflationary world economic growth.

The ministers also emphasized that "in the current difficult world economic environment, the need for a successful Uruguay Round and a strengthened multilateral system is now more urgent to both developing and developed countries alike."

They expressed dismay over the failure to conclude the Uruguay Round of multilateral trade negotiations due to the stalemate on agriculture between major players.

The ministers also expressed disappointment that the G-7 summit in Munich failed to produce any progress for the round.

They reiterated their view that the emerging global economic order must provide for more equal economic opportunities for all nations.

They also urged the international community to intensify efforts to provide substantial development finance to complement domestic resources to improve developing countries' prospects for sustaining growth-oriented adjustment and poverty alleviation.

The foreign ministers reaffirmed ASEAN's commitment to the decision of the fourth ASEAN summit held in Singapore in January and expressed satisfaction with the progress made in implementing the said decisions.

They noted, in particular, the progress made towards the implementations of the agreement on the common effective preferential tariff scheme for the ASEAN free trade area.

The agreement, together with the framework agreement on enhancing economic cooperation, is a significant step forward for ASEAN and firmly sets economic cooperation as the major item on the ASEAN agenda.

The ministers also urged ASEAN to strengthen the existing dialogue mechanisms and develop new ones where necessary for the enhancement of economic relations with the dialogue countries, especially ASEAN's major economic partners.

In view of the increasingly strong competition to attract foreign investment by the developed as well as the developing countries, they also agreed to encourage the officials concerned to conduct regular consultations to increase inflows of foreign investments to ASEAN countries.

Qian Qichen Departs

OW2307022592 Beijing XINHUA in English
0155 GMT 23 Jul 92

[Text] Manila, July 23 (XINHUA)—Chinese State Councillor and Foreign Minister Qian Qichen left here this morning for home via Hong Kong after attending the two-day 25th ASEAN ministerial meeting.

He also paid an official goodwill visit to the Philippines on July 19-20 at the invitation of the Philippine Government.

Early this morning, the Chinese Foreign Minister told XINHUA that he was very satisfied with his visit to the Philippines.

He said he came here at the important moment when President Fidel Ramos formed his new government after the May 11 elections.

He indicated he and the Philippine leaders exchanged views on bilateral and regional issues and reached some understanding.

This will further help develop friendly relations and cooperation between the two countries, he added.

UN Group Urged To Stress Population, Development

OW2107171092 Beijing XINHUA in English
1607 GMT 21 Jul 92

[Text] United Nations, July 21 (XINHUA)—China proposed today that population and development be selected as the theme for the high-level segment session of the U.N. Economic and Social Council (ECOSOC) of 1993.

Jin Yongjian, ambassador and deputy permanent representative of China to the United Nations, made the

proposal at the on-going session of the ECOSOC annual meeting currently discussing the revitalization of ECOSOC.

Such a selection, Jin said, "will enable the council to play a major part in facilitating the preparatory work of the U.N. conference on population and development scheduled for 1994."

Jin also said that the revitalization of ECOSOC is an integral part of the restructuring of the United Nations in the economic, social and related fields. Before making any further revitalization efforts on the council, he added, it is necessary to ascertain the proper role of the U.N. in the development field and an overall reform timetable.

Jin also proposed that environment and development be chosen as the theme for the coordination segment of the ECOSOC meeting in 1993.

Timely and system-wide coordination by the coordination segment of the council, Jin said, is not only necessary but also highly imperative in the wake of the U.N. conference on environment and development which just concluded in Brazil and whose follow-up actions involved the programming and activities of many U.N. bodies and agencies.

United States & Canada

S&T Personnel in U.S. Set Up Federation

HK2207140392 Beijing RENMIN RIBAO in Chinese
12 Jul 92 p 7

[XINHUA report by Li Jianxiong (2621 0256 7160): "Chinese Science and Technology Personnel Studying in United States Organizing Science and Technology Federation"]

[Text] New York, 10 Jul (XINHUA)—Chinese science and technology personnel in the United States are now making preparations to set up a Chinese Federation of Science and Technology there for the sake of offering advice and suggestions for the motherland's reform and opening up, economic construction, and scientific and technological progress.

Gong Xiaobing, one of the coordinators of the preparatory committee of the Chinese Federation of Science and Technology, said that following talks made by Deng Xiaoping during his southern trip, the pace of the motherland's economic reform has accelerated remarkably and that those studying in the United States are all elated by this news. Chinese students, scholars, and science and technology personnel distributed in all parts of the United States established federations one after another in a bid to contribute their bit to the motherland's prosperity.

Gong Xiaobing said that there are around 80,000 Chinese science and technology personnel now studying or

working in the United States, most of whom have obtained their master's or doctorate degrees. They are the valuable intellectual resources of the Chinese nation. They play the important role of a bridge in China's modernization program, in introducing advanced foreign science and technology, and in promoting scientific and technological exchanges between China and the United States.

Central Eurasia

Russian Official Views Yeltsin's Upcoming Visit

HK2207081692 Hong Kong *THE STANDARD*
in English 22 Jul 92 p 12

[By Agnes Cheung]

[Text] The Sino-Russian frontier problem will be a major topic of discussion during Russian President Boris Yeltsin's visit to China, according to a special adviser to Mr Yeltsin.

Adviser Valery Boutov, who is visiting Hong Kong, said the Russian president would discuss economic and political relationships during his visit to Beijing later this year.

Mr Boutov said a visit to Shenzhen would probably be arranged for Mr Yeltsin.

Two months ago Mr Boutov visited Shenzhen and kept Mr Yeltsin informed about the special economic zone.

The special adviser on China and the Far East said Mr Yeltsin would be interested in developing economic programmes with China as well as maintaining personal contacts with Chinese officials.

Speaking through an interpreter at a Foreign Correspondents' Club lunch, Mr Boutov said Russia should develop its own economic reforms instead of copying those in China.

He said China's expertise and experience in its special economic zones were of use to Russia.

He said Russian experts were preparing legislation to pave the way for free economic zones.

The time Russia took to transform its centralised economy into a market economy would depend on whether the country received any help from other nations or had to overcome its difficulties on its own.

"We pay much attention to the relationship with Hong Kong because of Hong Kong's close economic ties with China," he said.

He will discuss possible economic ties between Vladivostok and Hong Kong with local business people during his four-day unofficial visit in the territory.

Mr Boutov said reports of Russian arm sales to China were exaggerated.

Western military sources say China is buying 24 SU-27 fighter aircraft from Russia.

New Charge D'Affaires to Armenia Arrives at Post

OW2307085592 Beijing *XINHUA Domestic Service*
in Chinese 1405 GMT 22 Jul 92

[By reporter Wan Chengcai (8001 2052 2088)]

[Text] Moscow, 22 Jul (XINHUA)—Zhang Yannian [1728 1693 1628], charge d'affaires ad interim of the People's Republic of China to the Republic of Armenia, handed Armenian Foreign Minister Raffi Hovannisian a letter of introduction in Yerevan on 22 July. The letter was signed by Foreign Minister Qian Qichen.

Charge d'Affaires ad interim Zhang Yannian conveyed Foreign Minister Qian Qichen's regards to Foreign Minister Raffi Hovannisian and said that the Chinese Government will continue to promote the traditional friendship between Chinese people and Armenian people and the friendly and cooperative relations between the two countries on the basis of the principles contained in the communique on establishing diplomatic relations between China and Armenia and the Sino-Armenian joint communique. Foreign Minister Raffi Hovannisian expressed his thanks for Foreign Minister Qian Qichen's regards and extended his invitation for Foreign Minister Qian Qichen to visit Armenia at a convenient time.

Charge d'Affaires ad interim Zhang Yannian arrived on his post in Yerevan, the capital of the Republic of Armenia, on 21 July.

Southeast Asia & Pacific

Railway to Vietnam To Open After 13-Year Hiatus

HK1707130792 Hong Kong *ZHONGGUO TONGXUN*
SHE in English 0927 GMT 17 Jul 92

[Text] Nanning, July 17 (HKCNA)—Through transport on the China-Vietnam international railway is now ready to resume after an interruption of 13 years. Preparations for the resumption of such transport by the Liuzhou Railway Bureau have been completed.

The repair of the rail section from Pingxian to the border as well as various major projects along the railway from Nanning to the border have also been accomplished. The Liuzhou Railway Bureau has invested RMB 4 million [renminbi] this year in the construction of an apartment building and the renovation of the Pingxiang Railway Club Building ready to entertain Vietnamese railway staff and workers.

The Liuzhou Railway Bureau has run an additional pair of passenger trains between Nanning and Pingxiang since July 15 for the preparation of various things necessary for the resumption of the international railway through transport.

Propaganda Vice Minister Begins Singapore Visit

BK2207130392 Singapore THE SUNDAY TIMES
in English 19 Jul 92 p 2

[Text] An 11-member team of senior officials from China arrived yesterday to study how Singapore has managed to maintain social order amid rapid economic growth.

They will also look into how it has controlled corruption and other vices.

The study mission is led by Mr Xu Weicheng, the vice-minister of the Department of Propaganda in the Chinese Communist Party.

A Ministry of Foreign Affairs spokesman confirmed last night that the Chinese team was here on a two-week study visit.

He said that Mr Xu and Mr Liu Zuyu, the deputy delegation leader and senior editor of China's official newspaper, the People's Daily, will call on Senior Minister Lee Kuan Yew during the visit.

The other key members of the team include Mr Dai Zhou, the Propaganda Division director and Mr Liu Guoxiong, the Publishing Division director. Both are divisions under the Propaganda Department.

The team's visit here followed a call by China's paramount leader Deng Xiaoping during his tour of Guangdong Province in January where he said that China should learn from Singapore how to maintain social order and discipline.

Since then, it is understood that a few Chinese agencies have sent their officials here to understand Singapore's social structure and legal framework on matters ranging from corruption to compulsory savings.

But unlike these visits which were made by small teams, the current one is believed to have the biggest delegation covering a wide range of interests.

A spokesman for the Chinese embassy here told THE SUNDAY TIMES that it had been planning for the visit for two months.

"We hope to learn from Singapore's experience, especially how the government maintained social order in the midst of rapid economic progress," he said in Mandarin.

The programme starts tomorrow with a briefing by Dr Goh Keng Swee, the executive chairman of the Institute of East Asian Political Economy, who is expected to speak on Singapore's economic development.

Dr Goh is an adviser to the Chinese government on the coastal special economic zones and tourism.

Brig-Gen (Reservist) George Yeo, the Acting Foreign Affairs Minister will brief the team on the impact of economic modernisation on traditional values on Friday.

On the legal aspects of social control, Chief Justice Yong Pung How and Singapore Arbitration Centre chairman Tan Boon Teik will give separate briefings when the team visits City Hall on Saturday.

On how Singapore deals with corruption, the team will meet Mr Evan Yeo, the director of the Corrupt Practices Investigation Bureau and Mr Lawrence Ang, the director of the Commercial Affairs Department.

There will also be a briefing by the Singapore police on the policies and measures taken here to control secret societies, gambling and vice.

Apart from discussions the team will also tour the News Centre, which houses the three Chinese newspapers, the Housing Development Board, the Jurong Town Corporation, the SAF [Singapore Armed Forces] Training Institute and the Bukit Turf Club, where the team will observe races over a live monitor.

There will also be visits to the Ministry of Information and the Arts, the National Trades Union Congress and the People's Association.

The team leaves for home on July 30.

Thai Official Says Relations 'Very Good'

OW2307113792 Beijing XINHUA in English
1116 GMT 23 Jul 92

[Text] Bangkok, July 23 (XINHUA)—Thai Deputy Prime Minister Pol Gen [Police-General] Phao Sarasin said today that the relationship between Thailand and China is "very good," and he hoped the friendly relationship would continue to develop.

Pol Gen Phao said so when he met Chinese public security delegation led by Bai Jingfu, vice minister of Ministry of Public Security of China, in Government House today.

He said the increasing exchange of visits has promoted cooperation between the two countries' police.

Bai Jingfu also spoke highly of the exchange between police of the two countries in the past years, saying it has been much helpful for the work of the police.

The Chinese delegation called on Pol Gen Sawasdi Amornviwatana [name as received], director-general of the Royal Thai Police Department, this morning. The two sides discussed cooperation on combatting criminal and drug offenses and other issues.

The Chinese public security delegation arrived here on Wednesday for a week-long visit.

Near East & South Asia

'Roundup' Views Results of Baker's Trip to Israel

OW2207063692 Beijing XINHUA Domestic Service
in Chinese 1446 GMT 21 Jul 92

[“Roundup: What is the Result of Baker's Visit to Israel?”; by reporter Li Hongqi (2621 4767 2475)]

[Text] Jerusalem, 21 Jul (XINHUA)—U.S. Secretary of State James Baker has wound up his two-day visit to Israel and headed for Jordan to continue his tour of five Middle Eastern nations. While in Israel, Baker held three rounds of talks with new Israeli Prime Minister Yitzhak Rabin and met with Palestinian delegates.

Baker's trip was conducted amid two settings: Since assuming power, the Israeli Labor Party has repeatedly stated that it will devote its efforts to propelling the Middle East peace process, and gave the United States the turning point needed to mediate the Middle East issue. A precarious situation faces the ruling Republican Party as the presidential election draws nearer in the United States, and the Bush administration needed to improve ties with Israel in order to gain support from the country's Jewish population and tide over the election crisis.

There was no specific agenda on Baker's trip. His only purpose was to understand what changes have occurred in Israel's policies, and what are the reactions of the Palestinians and Arabs. In the two days that he was in Israel, he heard different views and interpretations on the peace process from both the Israeli and the Palestinian sides.

Before Baker arrived in Israel, the Israeli Government had announced a freeze on all unsigned building contracts for Jewish housing and decided to reopen examination of plans drawn up by the previous government to build Jewish settlement points. During Baker's visit, Rabin not only explained to Baker the above changes in policies, he also forwarded two requests—that Baker convey the Israeli Government's wish for peace to Arab countries in the hope that the Arab countries will make positive response, and that the United States grant Israel \$10 billion in loan guarantees to absorb and help settle down more Jewish emigrants.

Baker was happy with the changes in Israel's stand and gave his full approval. However, he was cautious about the issue of loan guarantees. He did not openly stress again that Israel put a freeze on all Jewish settlement points (including East Jerusalem) as a prerequisite for obtaining the loan guarantees. He asked that the Palestinians react with corresponding actions to Israel's policy change.

The Palestinian delegates, however, maintained their persistent stand: Israel must put a freeze on all Jewish settlement points, including the so-called “political settlement point” and the “security settlement point;” it

must release Palestine political prisoners; it must stop expelling Palestinians; and it must permit East Jerusalem delegates to join the Palestinian peace talks delegation. In the end, however, the Palestinian side also displayed some flexibility. It stopped demanding that Israel put a freeze on all settlement points before the peace talks resume. It even implicitly expressed acceptance of U.S. loan guarantees to Israel, but wanted assurances that the money will not be used to build Jewish settlement points.

After Israel, Baker will visit Jordan, Syria, Saudi Arabia, and Egypt. He promised Rabin that he will convey changes in Israeli policies to Arab leaders. However, he also said that it is difficult for him to expect Arab nations to react with “corresponding actions in a dramatic way.” The Arab nations are still suspicious of the Rabin government. Foreign ministers of the Arab nations will soon meet in Damascus to discuss countermeasures. Baker will discover, after his trip to the five Middle Eastern nations, that the steps toward the peace process are still filled with difficulties.

East Europe

Czech Minister's Comments on Split Reported

OW2107234292 Beijing XINHUA in English
2320 GMT 21 Jul 92

[Text] London, July 21 (XINHUA)—The Czech Republic's Trade and Industry Minister Vladimir Dlouhy said today that it is rather to be [passage as received] a quick split if Czechoslovakia cannot hold its unity.

Dlouhy, who was on a visit in London, told reporters “If there is to be a split, and I think that would be a painful and negative phenomenon, then let's do it in a civilized way and let's do it as quickly as possible.”

Last month Vaclav Klaus, the Czech prime minister, and his rival and Slovak counterpart Vladimir Meciar agreed to split the federation in two.

They asked their respective parliaments to work out a final agreement by the end of September.

Dlouhy said, “I believe that the ultimate solution is to have a strong federation and that the only possible second best is a complete split.”

He rejected the idea of forming a joint central bank when the Czechs and Slovaks stand apart and favored two currencies and separate economic policies.

Vaclav Havel, Czechoslovak president, announced on Friday, as the Slovak Republic declared sovereignty, that he was resigning his post with effect from Tuesday.

There are around 15 million people in Czechoslovakia, of them two-third are Czechs.

Customs Accord Signed With Czechoslovakia

OW2207011492 Beijing XINHUA in English
0031 GMT 22 Jul 92

[Text] Prague, July 21 (XINHUA)—Czechoslovakia and China signed here today an agreement on customs cooperation.

Under the agreement, the two sides will trade experiences on customs affair, exchange laws on customs and provide each other administrative assistance.

The accord, the first such a kind [passage as received] between the two countries, was signed by the visiting Chinese government representative, deputy general director of the customs general administration, Wu Naiwen, and his Czechoslovak counterpart.

Warsaw, Beijing Strengthen Bilateral Ties

OW2307042092 Beijing XINHUA in English
0238 GMT 23 Jul 92

[Text] Warsaw, July 22 (XINHUA)—Polish Foreign Minister Krzysztof Skubiszewski said here today his government would abide by the "one China" policy and promised not to develop official relations with Taiwan.

Skubiszewski made the statement here today while meeting with visiting Chinese Deputy Foreign Minister Tian Zengpei.

He said that the Polish Government had been pleased with the development of its relations with China in recent years, especially since the exchange of visits by the foreign ministers of the two countries last year. He hoped bilateral cooperation in all fields would be furthered in the future.

Tian said both sides reached common understanding in developing bilateral cooperative relations.

Tian also appreciated the Polish Government's one China stance and hoped that both sides would strive to promote bilateral relations.

Polish Deputy Foreign Minister Jan Majewski also held talks with his Chinese counterpart.

Both sides exchanged views on various international issues and agreed to further their relations on the basis of the five principles of peaceful coexistence.

Both sides decided to overcome the current decline in bilateral trade and strive to seek new channels and ways of bilateral economic and trade cooperation.

During the visit, Tian also met with other senior government and parliamentary officials.

The Chinese delegation, arriving in Warsaw Monday for a two-day visit, left for Bucharest this afternoon.

Bulgarian Socialists Urge Government Resignation

OW2207013792 Beijing XINHUA in English
0108 GMT 22 Jul 92

[Text] Sofia, July 21 (XINHUA)—The Bulgarian Socialist Party held a mass rally today to demand the resignation of the government, and it has tabled a motion of no-confidence in parliament.

The rally, in which thousands of people took part, accused the government of suppression and provocation. The demonstrators said they had lost confidence in it and called on it to resign in order to maintain the legislative system and democracy.

The socialist party has forced the government to agree to debate the no-confidence motion. Its members in parliament, who had walked out in protest against the arrest of Andrey Lukanov, former prime minister and a member of the party, will return tomorrow to vote for the government's resignation.

Meanwhile, the trade unions are preparing for a general strike.

Political & Social

Jiang on 'Socialist Market Economic Structure'

HK2307062292 Hong Kong TA KUNG PAO in Chinese
23 Jul 92 p 1

["Special dispatch" from Beijing: "Jiang Zemin Expounds on Market Role in Speech Delivered at Central Party School on 9 June"]

[Text] Beijing, 22 Jul—Speaking at the conclusion of a training course for provincial and ministerial-level cadres at the CPC Central Committee's Central Party School on 9 June, Jiang Zemin, general secretary of the CPC Central Committee, indicated that as far as the wording pertaining to the current economic structure in China is concerned, his own personal view is "more inclined toward using the wording "socialist market economic structure" [she hui zhu yi de shi chang jing ji di zhi 4357 2585 0031 5030 4104 1579 1034 4842 3444 7555 0455]" and added that he will expound more on this in his report at the 14th CPC National Congress.

Jiang Zemin said: After more than a decade of reform and opening up, it should be said that we have obtained a deeper understanding of the statement that the "market also exists under socialism." The introduction of market mechanisms into our economic life has added vitality and vigor to our country's socialist economy as well as having played a remarkable role in speeding up the development of the economy. In the past, we often only looked at certain negative effects brought about by the spontaneity of the market, and we rarely looked at the positive role that the market plays in stimulating competition among enterprises and in promoting economic growth. In particular, we failed to see that the market is also a form of distributing resources and failed to see its effects in promoting a better allocation of resources. This was obviously a type of one-sided understanding. A vast amount of facts has proven that the market is an effective means of allocating resources and provides stimulus because it allocates materials which are in short supply to the link which produces the best results by means of competition and price levers, and it also provides pressure and impetus to enterprises. Moreover, the market reacts with swiftness and flexibility to all kinds of signals. It is because of these advantages that more and more people in socialist states have come to realize the positive role that the market plays in economic growth. One-sided understanding and prejudices concerning the market in the past are being discarded.

He said: Since the Third Plenary Session of the 11th CPC Central Committee, we have gone through a process of evolution in our understanding of issues involving planning and the market as well as their relationship to each other. At the 12th CPC National Congress, what was discussed was for the planned economy to serve as the principal feature and for it to be supplemented by market regulation; the "decision on

economic structural reform" adopted at the Third Plenary Session of the 12th CPC Central Committee presented a new concept of the socialist economy being a planned commodity economy founded on the structure of public ownership; at the 13th CPC National Congress, it was proposed that the socialist planned commodity economy should be a structure which integrates planning and the market intrinsically; since the Fourth Plenary Session of the 13th CPC Central Committee, an economic structure and operational mechanism which integrates the planned economy with market regulation has been applied. What I am discussing here are some of the wordings used in official party documents. The different views and wording used in academic and theoretical circles are even more numerous.

Jiang Zemin said: After recent study of Comrade Deng Xiaoping's important talks, certain new wordings related to the understanding of planning, markets, and the establishment of a new economic structure have emerged. In general, they may be classified as follows: 1) establish a socialist commodity economic structure which integrates planning and the market; 2) establish a socialist planned market economic structure; 3) establish a socialist market economic structure. Now, it can be said that after more than a decade of exploration and summing up of both domestic and international experiences, we have a more mature understanding, both in terms of theory and practice, of the establishment of a new socialist economic structure. The entire party is also more unified in this understanding and can fully enter a stage of accelerated implementation.

Which of the aforementioned wordings is most consistent with the economic reality in our country, can be most easily accepted by the great majority of comrades, and can most benefit the development of economic construction in our country—this may be studied further as there is no need to arrive at a conclusion immediately. However, in my report to the 14th CPC National Congress, I should like to sum up and decide on a final, more scientific wording on the economic structure, one which is favored by the greater majority of comrades in order to contribute to a further unifying of understanding and action of party comrades as well as for the accelerated establishment of a new socialist economic structure for our country. My personal view is more inclined toward using the wording "socialist market economic structure." A planned commodity economy is also a planned market economy. Right from the start, planning existed in a socialist economy. This has always been clearly understood by the people. Hence, the omission of the word "planned" in the wording will not lead to questions about whether or not planning has been abolished. Moreover, planning is not absent in a capitalist economy. Therefore, I feel that the use of the wording will be accepted by the great majority of cadres and people. While this is my own personal view, I have already exchanged views with certain comrades in the central authorities and they basically agree with me. Naturally, this is not the final decision. Whichever

wording is determined finally for the report at the 14th CPC National Congress will have to expound on the principal features of our country's new socialist economic structure. I believe that the principal features should include the following: 1) on the structure of the ownership structure, insist on the public sector economy as the principal feature, supplemented by individual, private and other economic sectors, and promote the joint development of all sectors; 2) on distribution structure, insist on distribution according to labor as the principal feature, supplemented by other forms of distribution with certain regions and individuals allowed and encouraged to prosper first in order to achieve common prosperity gradually and avoid polarization; 3) on economic operational mechanisms, organically integrate the advantages of the planned economy and the market economy, giving full play to their respective strengths in order to promote the best allocation of resources and rationally regulate distribution in society.

Capitalism Praised Anew in Chinese Newspaper

HK2307100392 Hong Kong AFP in English 0943 GMT
23 July 92

[Text] Beijing, July 23 (AFP)—China's GUANGMING DAILY [GUANGMING RIBAO] gave new praise to capitalism in its Thursday edition, a week after it launched a new economics column entitled "Study and Borrowing."

The article by economist Li Changjiu, entitled "Objectively Know Modern Capitalism," said that capitalist developed countries have five advantages over socialist countries.

The trumps of capitalism in relation to socialism, according to Li, are: a richness of circulating capital, advanced scientific research, superior industrial structure, a performing external trade, and importance put on education.

Despite the existence of serious problems such as "the gap between rich and poor, AIDS (Acquired Immune Deficiency Syndrome) and drugs," the economic strength of capitalist countries will still be greater at the end of the century, Li said.

"Understanding and borrowing the advanced management methods of capitalist countries to serve socialist modernization is our duty," Li wrote.

"According to the social development of humanity, socialism will inevitably replace capitalism," added the economist.

GUANGMING DAILY, whose readership is essentially composed of intellectuals, inaugurated the new column July 15.

The Chinese press has been giving more space to economic articles explaining market mechanisms since patriarch Deng Xiaoping announced at the beginning of the year that the reforms must be accelerated.

Article on Adopting Capitalist Civilization

HK2107091192 Beijing GONGREN RIBAO in Chinese
3 Jul 92 p 3

[Article by Chen Fei (7115 7378): "We Should Boldly Assimilate and Adopt the Fruits of the Civilization of Capitalism"]

[Text] Comrade Deng Xiaoping pointed out in his important talks during his inspection of the coastal areas in the south: "In order to win superiority over capitalism, socialism must boldly assimilate and adopt all of the fruits of the civilization created by human society, and assimilate and learn from all advanced operational modes and management methods that reflect the regularity of modern socialized production adopted by various countries in the world, including the developed capitalist countries." Over the past 10 years or more, the great achievements of our country's reform and opening have also incontrovertibly proved this point. However, some comrades still fail to correctly understand and approach the point of assimilating and learning from the fruits of the civilization of capitalism, and still have doubts and misgivings about this. Some comrades tend to get bogged down in the "surname" question when they approach anything and like to first ask whether the thing bears the surname "socialism" or "capitalism" and to distinguish between the "red" and the "black." Some people regard the assimilation and adoption of valuable things from foreign culture as introducing and developing capitalism. Some people think that they had better be more prudent when handling reform and economic construction, and fear getting into trouble. Some people are worried that the assimilation and adoption of the fruits of the civilization of capitalism in large quantities may result in "total Westernization" and may lead to "peaceful evolution." Because their minds are shackled, they are overcautious and hesitant in action and do not dare to boldly try new things and make breakthroughs in assimilating and adopting the strong points of other peoples. Therefore, in order to carry out the strategic decision of quickening the pace of reform and opening, "seizing the opportunity," and "raising the economy to a new stage every several years" as Deng Xiaoping required in his talks, we must remove and clarify those erroneous thoughts in some people's minds.

First, Assimilation and Adoption Are in Line With the Basic Principles of Marxism

The people are creators of history. When the people are creating the material wealth in society, they are also creating the spiritual wealth in society. The fruits of civilization accumulated in the long course of human history, as with all material and spiritual phenomena created in the development and evolution of human society, are the crystallization of the working people's wisdom. The fruits of civilization created in capitalist society, as an important component part of human cultural heritage, are no exception. Although in class society, the ideology of the ruling class always holds the

dominant position, we cannot thus deny that the working people are still the main creators of human civilization. The fruits of civilization created by human society are the common wealth of the human race. Second, socialism is not only the antithesis of capitalism but also the successor of capitalism, and there exist certain inevitable historical relations between them. There are essential differences between socialism and capitalism as two types of different socioeconomic forms and ideological systems. However, socialism is produced and developed on the basis of capitalism. Moreover, the two coexisting systems of socialism and capitalism in the contemporary world are both preconditioned by mass production in society and take the commodity economy as the main economic form. This determines that we assimilate much more from modern capitalism than we assimilate from other societies. Third, by assimilating and adopting the fruits of civilization of capitalism, we mean that the most important things to introduce from capitalism are the advanced science and technology for the purpose of developing our productive forces. These things have no class attribute, and do not differ from one country to another or from one nation to another. They can be used by capitalism as well as by socialism. However, for a long time in the past, due to the influence of the "leftist" ideological trend, some comrades used to set socialism absolutely against capitalism. The various elements of capitalism were regarded as totally incompatible with socialism and were negated and repudiated with the label of "capitalism" attached to them. Such practice was obviously wrong. Lenin said: "It is necessary to keep the whole culture handed down by capitalism and to use it to build socialism." Lenin also used a vivid formula to explain the need to be good at assimilating good things from foreign countries: "Soviet political power plus the Prussian railway system plus U.S. technology and trust organization plus U.S. national education, etc equals the sum, which is socialism." Comrade Mao Zedong also pointed out in his essay "On Ten Major Relationships": "Our policy is to learn from the strong points of all nations and all countries, learn all that is genuinely good in the political, economic, scientific and technological fields and in literature and art." The modern civilization of socialism can only be built up through assimilating and adopting all of the positive heritage of the human race. We can have what exists in capitalism and do what is done in capitalism. We cannot distinguish things only by seeing whether they bear the surname "socialism" or "capitalism." As Deng Xiaoping said in his talks: "The criteria for judging something should mainly be whether it is conducive to the development of productive forces, to increasing the comprehensive national strength of the socialist state, and to the enhancement of the people's living standards."

Second, Assimilation and Adoption Are the Inevitable Requirement of Reform and Opening

Some comrades are always afraid that reform and opening may bring in capitalist things and move us onto the capitalist road. In our opinion, without assimilating

and adopting the fruits of the civilization of capitalist countries, we shall go against the basic purpose of reform and opening. Reform and opening are aimed at assimilating and adopting the advanced science and technology, management skills, and all mechanisms and methods conducive to the development of productive forces and to social progress from all countries in the contemporary world, including the developed capitalist countries, and are aimed at learning and mastering things we urgently need in our socialist construction as soon as possible. Mass socialized production, the regularity of the commodity economy and the market mechanism, advanced science and technology, production organizations and management methods taking shape under the capitalist conditions as well as the quintessence of the ideology, culture, and lifestyle formed on the basis of modern capitalist industry are all representative of a certain level of productive forces and social development. When we remove the veneer of capitalist production relations covering up such things, we shall find that they are exactly what we need in our socialist construction. In reform and opening up, we shall not only inherit our nation's historical and cultural heritage, but shall also assimilate and adopt all valuable nutrition from the cultural heritage of other countries in the world, especially the developed capitalist countries, so that we can incorporate things of a diverse nature and take in the strong points of all peoples to serve our own purposes. Otherwise, what we do will just go against the basic purpose of reform and opening. To treat socialism with an attitude of dogmatism and with ossified thought only stifle socialism.

Without boldly assimilating and adopting the fruits of the civilization of capitalism, our reform and opening will not be able to stride forward. On the one hand, reform and opening cannot do without development and innovation. If we just work behind closed doors and indulge ourselves in parochial arrogance, and if we try to explore the way merely on our own, then it will certainly be very difficult for us to make advances. On the other hand, with the development of social productive forces and the increase in international exchanges, economic relations between various countries have become much closer. In order to develop our economy, we must carry out economic, cultural, and technical exchanges with other countries, especially the developed capitalist countries. Without boldly assimilating and adopting the universally applicable economic management methods that reflect the objective laws governing modern socialized production as well as useful thoughts and cultures, we shall not be able to properly adapt to the objective needs in such exchanges, and this will seriously affect the process of our socialist modernization. Therefore, to assimilate and adopt the fruits of the civilization of capitalism, we must not be plagued by all sorts of fears and must not be overcautious. If we find something we should do, we should resolutely take action; if we are not sure whether we should do something, we should still be bold in trying it and dashing ahead. If the experiment is successful, the practice can be continued and spread

across the board; if the experiment is unsuccessful, we may correct what is wrong and try again.

If we do not boldly assimilate and adopt the fruits of the civilization of capitalism, our socialist modernization will miss the current opportunity. At present, being affected by the factor of resources and the world economic situation, the developed capitalist countries in the West are forced to promote the development of their domestic economies by means of transferring funds abroad. This has provided a good opportunity for our reform and opening. In addition, our country has established good diplomatic relations with most countries in the world, especially neighboring countries. Such an international environment is rather rare for us. At home, our country enjoys political, economic, and social stability. Through the practice of reform and opening over the last more than 10 years, the people have a much better understanding of reform and opening and have had a greater bearing capacity to meet the changes. Therefore, we should seize such a good opportunity in both the domestic and international aspects and quicken the pace of reform and opening. Otherwise, if the favorable international environment is gone, it will be much more difficult to increase the adoption of foreign funds, equipment, science and technology, operation modes, and management methods, and this will affect the process of socialist modernization. In that case, the people will not forgive us.

Third, Assimilation and Adoption Are Conducive To Promoting Social Stability and Development

Some comrades have doubts and misgivings about assimilating and adopting the fruits of the civilization of capitalism, because they fear that capitalist things may increase and may stir up "trouble," thus affecting social stability and disrupting reform and opening. Admittedly, in the course of assimilating and adopting the fruits of the civilization of capitalism, because we lack experience and remain ignorant of many things, we may improperly handle some affairs, and this may produce certain negative effects for a time. However, this is merely one side of the coin. On the other side, reform and opening will be conducive to stability. Without overcoming the defects, drawbacks, and outmoded things in the socialist relations of production and superstructure, which are no longer suited to the development of productive forces, the contradiction between these things and the productive forces will be aggravated and intensified, and the interests of the state, the collectives, and the people will be harmed. As a result, this will just lead to more serious turbulence and instability. In reform and opening, the bold action of assimilating and adopting the fruits of the civilization of capitalism is to take the initiative in and adopt positive policies and measures for eliminating such defects, drawbacks, and outmoded things, thus preventing major, across-the-board shocks through partial and minor shocks, and ensuring long-lasting stability through some transitional instabilities. Admittedly, we must not be overanxious and reckless in assimilating and adopting the fruits of the civilization of the capitalist

countries; instead, we should give consideration to our country's economic bearing capacity, social bearing capacity, and people's psychological bearing capacity, and should also make scientific assessment and careful design, select positive and reliable options, and act prudently in optimizing objectives, comparing and selecting options, deciding the time of action, and arranging the procedures of advance. However, if we do not carry out reform in depth and do not boldly assimilate and adopt all valuable nutrition in the cultural heritage of human society to serve our modernization drive for fear of trouble, and if we are only keen to keep stability for the sake of stability, then the stability will just be superficial and will not last long. Therefore, we must not tie our own hands for the sake of stability, and should boldly assimilate and adopt the fruits of the civilization of human society in order to promote the accelerated development of the economy and to guarantee long-lasting stability.

Fourth, Assimilation and Adoption Are Essentially Different From "Total Westernization"

Since reform and opening began, the struggle against bourgeois liberalization has always been an important task on our political and ideological front. However, some comrades incorrectly consider the assimilation and adoption of the fruits of civilization in the capitalist countries as "total Westernization," so they have a lot of misgivings in reform and opening, and fear committing political mistakes. In order to seek political safety, they do not dare undertake the risks in reform and opening. In fact, the "leftist" ideology is still doing mischief in their minds. There are essential differences between the bold action of assimilating and adopting the fruits of the civilization of the capitalist countries and the practice of "total Westernization." With regard to the guiding ideology, assimilation and adoption are based on adhering to the four cardinal principles, but "total Westernization" is aimed at negating the four cardinal principles. With regard to the contents, assimilation and adoption are aimed at absorbing the advanced science and technology, operation modes, management methods, thoughts, and cultures from the developed capitalist countries, but "total Westernization" is aimed at establishing the capitalist system in China. With regard to the methods, assimilation and adoption proceed from the realities of our country and selectively bring in things for digestion, transformation, and development, but "total Westernization" would only copy all capitalist things mechanically and uncritically. With regard to the results, assimilation and adoption will be conducive to quickening the pace of reform and opening in our country, to raising the level of our country's productive forces as quickly as possible, and to the early realization of the modernization objectives; but "total Westernization" would only guide China onto the capitalist road. Therefore, we should draw a clear line of demarcation between assimilation-adoption and "total Westernization," and clearly understand their differences. Only thus can we keep ourselves sober-minded and boldly assimilate and

adopt all the advanced fruits of civilization of the capitalist countries. Mr Lu Xun once made a vivid figure of speech: We eat the flesh of sheep and absorb nutrition from the meat after removing the skin and hair, but we are not worried that we may become sheep. Of course, we must resolutely oppose and reject the dross of capitalist culture and the decadent and backward things.

Fifth, Bold Assimilation and Adoption Will Not Give Rise to "Peaceful Evolution"

This is because some of our fundamental principles and systems will not change in the reform. For example, the system of CPC-led multiparty cooperation and political consultation, the people's congress system, the dominating position of public ownership, the diverse forms of distribution with the system of distribution according to work as the main body, and the principle of getting rich together will all be maintained. The establishment and maintenance of these basic systems will fundamentally ensure that our country will further move along the socialist road and will prevent "peaceful evolution." The assimilation and adoption of the fruits of the civilization of capitalist countries will serve our own purposes. Independence, self-determination, and self-reliance are the basic foothold of our opening to the outside and our modernization. We assimilate and adopt the fruits of the civilization of capitalism for the purpose of learning from other peoples' strong points to offset our weaknesses and to strengthen our country's capacity for self-reliance. This does not mean that we shall subject ourselves to foreign control in the political, economic, and cultural fields; make our country dependent on the developed countries; and even turn our country into a vassal of the developed capitalist countries. By boldly assimilating and adopting the fruits of the civilization of capitalism, we can be freed from the unfavorable position of passively preventing peaceful evolution. The struggle against "peaceful evolution" mainly takes place in the ideological and cultural fields. If we take the initiative in assimilating and absorbing the quintessence of their ideology and culture, we also objectively repudiate and reject the dross. On the other hand, the fundamental way to prevent peaceful evolution is economic development. Only when the economy is boosted will socialism demonstrate its comparative superiority over capitalism and will the broad masses of people more firmly keep their socialist belief. Comrade Deng Xiaoping said: Maintaining socialism is "a process of struggle and also a process of persuasion. However, we must rely on our development to eventually convince people who do not believe in socialism. If we reach the level of being comparatively well-off by the end of this century, then we shall make them more sober-minded; if we build China into an intermediately developed socialist country, we shall further convince them and make most of them really realize that their idea is wrong." Economic development cannot do without reform and opening, and reform and opening cannot do without assimilating and adopting the fruits of the civilization of various nations in the world. Only by boldly

assimilating and adopting the fruits of the civilization of various countries in the world, including the developed capitalist countries; speeding up reform and opening; and boosting the economy faster and better can we eventually win the smokeless war of resisting "peaceful evolution."

Issues in Reform of Cadre System Discussed

HK2207055092 Beijing GONGREN RIBAO in Chinese
3 Jul 92 p 3

[Article by Zhu Zilin (2612 1311 2651): "Take Insistence on Reform and Opening Up as Main Criterion for Political Integrity"]

[Text] Comrade Deng Xiaoping's speeches during his southern inspection tour point out: "A correct organizational line must be relied on to guarantee a correct political line," "the key, in a sense, lies in man." "It is necessary to foster man and to select people with both ability and political integrity for leadership groups in accordance with the criterion of 'being more revolutionary, younger, better educated, and more professionally competent.' We say that our party's basic line must operate for 100 years to ensure long-term good order and peace and we must rely on this." Enterprise cadre quality has a bearing on the enterprise's future and destiny; in the course of reforming the cadre system and the enterprises, the enterprises should and must build a force of cadres which will adhere to the party's basic line, make the party rest assured, enjoy the masses' trust, and rejuvenate the enterprises.

In his speeches, Comrade Deng Xiaoping reiterated his remarks made at the end of May 1989: "We must now select those who people generally recognize as adhering to the reform and opening up line and have made achievements in their official careers and we must boldly place them in the new leadership organs to enable the people to feel that we are genuinely and sincerely embarking on reform and opening up." Here, Comrade Deng Xiaoping stressed the criterion for cadres, the mass line, and the necessity to emancipate the mind. This ought to be a guiding principle for doing a good job in reforming the cadre system and implementing the cadre line of "appointing people on their merits."

The cadres must have both ability and political integrity. Political integrity is "adhering to the line of reform and opening up." Reform and opening up are ways to make the country powerful and enrich the people, a hope of invigorating the nation, and our party's only choice. Only by being determined to carry out reform and insisting on opening up can we perfect and develop socialism. Therefore, the attitude adopted toward reform and opening up now is an important criterion for measuring whether a cadre has political integrity or not. Ability means having achievements in one's official career. Achievements in one's official career are the comprehensive embodiment of the quality in the aspects of knowledge, wisdom, ability, and work style. Ability

must be measured by achievements in one's official career. Whether or not the criterion for measuring a cadre with both ability and political integrity can be insisted on is the key to success or failure in reforming the cadre system. Everything will be spoiled if one's individual tastes are taken as a criterion; if people are appointed by favoritism; if we indulge in the practice that when one becomes an official, one's people, whoever they may be, will benefit; if we form a faction, a clique, or get a few people to band together; or if one is promoted because of seniority in disregard of talented people. The formula: 10 minus 1 equals 0 of Yu Zhian, director of Wuhan Steamship Generator Plant, is applicable here. If one has 10 parts of power in one's hand and uses one part to pursue private ends, all one's power will be forfeited before long and reform certainly will also be ruined.

The mass line is the basic line of all the party's work; to reform the cadre system, it is also essential to take the mass line. Whether or not a cadre has both ability and political integrity must be "generally recognized by the people" and "the people must be enabled to feel that we genuinely and sincerely embark on reform and opening up." Reforming the cadre system is an extremely important reform as well as an important policy matter and the workers are very sensitive to this. We must change the previous method of making a mystery of personnel work, trust the masses, rely on them, ask them to supervise our work, and allow them to examine our work. Some enterprises which carry out a pilot project of selecting and appointing cadres must adopt the measures and methods of making the selection and appointment conditions known to the public, offering equal opportunity, carrying on fair competition, developing the practice of self-recommendation and democratic election, conducting public opinion polls, and discussion and decision by a party and government joint meeting so that people can draw from their successful experiences in reforming the cadre system.

Difficulties in reforming the cadre system are very great and obstacles mainly come from outmoded concepts that shackle peoples' minds. Therefore, it is imperative to emancipate the mind and to be "bold" and resolute. People's political integrity and ability are relative and there is no "perfect" and "versatile person." It is necessary to establish a correct view of talented people. Comrade Mao Zedong said: A person has both strong and weak points and merits and demerits in his disposition and habits. We must not pay attention to one in disregard of the other. Only by knowing the strong and weak points of people, being good at appointing them, and not being skeptical about them can we ensure that "the brave devote their energy, the wise do their best to offer advice, the reporters spread the benefits, and those with political integrity pledge loyalty."

When the cadre system is reformed well and those the people generally recognize as adhering to the line of reform and opening up and having scored achievements in their official career are boldly placed in the leadership

organs, the enterprises stand a very good chance of take-off and our country will be full of promise.

Press Circles Reportedly Call for Reform

HK2107015692 Hong Kong TANGTAL in Chinese
No 16, 15 Jul 92 pp 24-26

[Article by Ho Po-shih (0149 0130 2457) in Beijing: "Calls for Press Reform Reappear in China"]

[Text] Having laid low for a few years, the Chinese press circles have seemingly shown some vigor in recent days. It can be said that, after summing up the experience of being kept under control for over 40 years, some observant and conscientious people in the Chinese press circles have, in recent years, mastered a set of brand-new skills to "parry" conservative government figures in charge of the press circles. These skills have surpassed the previous practice of playing "touch ball" (namely, striving for space within the scope permitted by the policy) and further efforts have been made to take the initiative carefully.

Turning "Internal Reference" Into News

One method is to "take the internal line." In addition to open newspaper reports, there is more nonopen "internal reference" in China. Whatever journalists learn from abroad which the government deems inappropriate for publication in newspapers is relayed to the higher levels through "internal reference." For this reason, for a long time, the status and influence of "internal reference" have far outweighed those of open reporting. Knowing this truth, Chinese journalists have also sought action along this line. Some time ago, through "professional study and exchange," a number of journalists offered advice to the CPC hierarchy—to take the press initiative, the contents of some "internal reference" can be made public in light of the circumstances and turned into press reports, lest they end up being distorted after being spread here and there by word of mouth. In the tone of seeking instructions and studying the issues and in keeping with the rules, they have succeeded in making some elders gradually identify their views. When meeting by appointment with XINHUA Director Mu Qing and Deputy Director Guo Chaoren last November, Hu Qiaomu, who had always paid close attention to propaganda and ideology, also expressed approval of this practice. It is under this new policy that XINHUA was able to publish the contents of Central Document No. 5. Naturally, the CPC will still adhere to the practice of "serving our purpose," but a breach has been made in the demarcation line of "keeping internal reference secret" and the transparency of Communist China has been increased. This is always significant.

The Tide of Expanding Newspaper Editions Emerges in China

Another method is to legally expand information volume. Since the beginning of this year, a high tide of expanding newspaper editions has emerged in China. To

date, over 200 newspapers have expanded editions. This is a popular demand and the outcome of efforts by press workers.

Since the beginning of this year, by expanding editions to eight pages, WEN HUI PAO in Shanghai, FUJIAN RIBAO, and HEILONGJIANG RIBAO have begun forming the ranks of a small number of provincial-level newspapers published in eight pages. BEIJING RIBAO (provincial level) will also be expanded to eight pages this year. Moreover, by expanding to 12 pages, GUANG-ZHOU RIBAO has become the first Chinese newspaper with 12 pages every day.

JINGJI RIBAO, GUANGMING RIBAO, CANKAO XIAOXI [REFERENCE NEWS] (sponsored by XINHUA), GUIZHOU RIBAO, YUNNAN RIBAO, JILIN RIBAO, DAZHONG RIBAO (Shandong), SICHUAN RIBAO, HENAN RIBAO, and NANFANG RIBAO (Guangdong) have also published "expanded" or "week-end editions" since the beginning of this year. Furthermore, 22 central ministry and commission organs expanded editions last year. Since the beginning of this year, another 19 central organs, including ZHONGGUO XIAOFEIZHE BAO [CHINESE CONSUMERS' NEWS] and XINWEN CHUBAN BAO [PRESS AND PUBLICATION NEWS], have published expanded editions. In the past two years, over 40 central ministry and commission organs have published expanded editions, accounting for over 50 percent of all similar newspapers.

Of course, the government can publicize government things in this expanded space. However, because of the trend of the times, the expanded edition generally deals with information, counselling, and pastimes. In other words, the government propaganda contents have correspondingly decreased in proportion. Following its expansion of its editions, CANKAO XIAOXI sales jumped 13 percent early this year over the same period last year. In the words of a person in the Chinese press circles, "We can also compare our material with theirs (referring to officials controlling public opinion direction)." Breaking a path with nonsensitive information, avoiding the important and dwelling on the trivial, and waiting for the opportune moment to go into action—these are chess moves coincidentally adopted by people in Chinese press circles.

The Need To Respect the People's Right To Know What Is Going On Is Raised Again

Moreover, Chinese press circles have recently reissued the call for press reform. The formulations (such as "respect the people's right to know what is going on" and "allow the people to know the major state of affairs and to discuss major events") raised in the 1978 Chinese press reform have reappeared, and a momentum of advancing press reform again has emerged in media guidance.

Recently, two former RENMIN RIBAO directors, Qin Chuan and Hu Jiwei, wrote articles criticizing RENMIN RIBAO's ultra-leftist conduct in recent years; the former

even launched a verbal attack on current RENMIN RIBAO Director Gao Di at a National People's Congress Standing Committee meeting. Earlier, at an international press circles meeting in Beijing, China Journalism School Professor Xu Zhankun (also a senior XINHUA reporter) affirmed the previous press reform, saying "it was a press reform which lasted the longest and was the largest in scale in the history of Chinese press development." This is something high-level Chinese officials in charge of propaganda have refrained from saying. He put "renewal of ideas and concepts" first in Chinese press reform, saying that what should be renewed are "those outdated concepts which are not suited to the development of socialist modernized press undertakings." He also put forward the need to "foster the concept of press openness; overcome the closed concept; and report major international and domestic events in a truthful, objective, and comprehensive way so that the people can promptly know the major state of affairs and that the people's right to know what is going on is respected." These remarks were incorporated in the report to the 13th CPC National Congress after numerous efforts were made in those years but, after the 4 June incident, Jiang Zemin said the news' affinity to the people must be subordinated to the party's character. Apparently, the people's character has not been overlooked by journalists.

In another seminar, Gan Xifen, professor of the People's University of China, pointed out more sharply the crux of the current Chinese press reform. He said: "The media undertaking has developed rapidly on the Chinese mainland over the past four decades, but the struggle between power and right in the media has not ended. A handful of people attempted to draw the mainland's media in the direction of bourgeois liberalization but the media power is solidly in the Chinese Government's hands. After fighting for freedom for decades, Mao Zedong vehemently tried to turn the country he had founded into the freest paradise in the world, but he was also challenged, and this challenger was sometimes himself." "This has proved true: Right is weak but power is tough. The former should be vehemently fought for, while the latter is monopolized and compulsory. The conflict between power and right often results in the appropriation of right."

The Path of Integrating With Publication Circles

Integrating with the publication circles is also a path the Chinese press circles have been experimenting with in recent years.

Due to market law and competition, a tendency of paying attention only to market effect has emerged in the publication circles in recent years. They vie with each other in publishing books that can bring in money and refuse to publish those that cannot. This is not good but it has provided an action space for the press circles.

Precisely because nobody wants to publish books that cannot bring in money (such as engineering and technological books), the China Press and Publications Administration stipulated a few years ago that people can freely find publishing houses to print such books with money they raise themselves. This has provided a relatively wider space and played a positive role in the past few years, ensuring that some books with no market effect can be published. In 1988, Dai Qing and others published a book entitled *Chang Jiang, Chang Jiang* (which reported views opposing construction of the Three Gorges Project) with money raised by themselves. They precisely took advantage of the space to integrate the press and publication circles and publish in the form of books what cannot be published in newspapers. Books, such as *Western China's Large Prisons* by Jia Lusheng, are examples of breakthroughs sought by the press circles.

In recent years, news printed in the form of books has appeared from time to time. If only we carefully read some books, we can easily find a lot of valuable news slipping through censorship. The *Trend of History*, which the authorities recently banned, also contains the shadow of integration between press and publication circles.

Strive To Establish Contact With International Press Circles

In recent years, the Chinese press circles have also constantly fought for resumption of contacts with international press circles and increased opportunities for external activities. Usually, the Chinese Government attaches importance only to China's good aspects reported in international media circles, and does not welcome "intervention by way of reports" from overseas media circles. For this reason, it has not taken an active part in international press organizations. But journalists do not agree. In recent years, they have vigorously opened up international relations and invited foreign press academics to international news conferences held in China. This was previously rare. The International Journalists Federation recently approved a new resolution to resume overall contacts with China's press circles (including government ones) at all levels. This momentum will also be conducive to China's continued contact with and opening up to the outside world.

Chen Yun on Li Xiannian, 'Gang of Four,' SEZ's

OW2207183592 Beijing XINHUA Domestic Service
in Chinese 1358 GMT 22 Jul 92

["In Mourning of Comrade Li Xiannian"—By Chen Yun on 21 July 1992"—XINHUA headline]

[Text] Beijing, 22 Jul (XINHUA)—Comrade Xiannian's death is a great loss to the party and the state.

Comrade Xiannian and I became friends in April 1937. We met in Xingxingxia, a place at the Gansu-Xinjiang border, when he arrived there with some 400 remaining

troops of the West Route Army after fighting some bloody battles and enduring untold hardships. I met him there after returning to Dihua (now Urumqi) from the Soviet Union as the representative of the Central Committee. He had preserved part of the force—especially cadres—for the party and the Red Army in those days when conditions were extremely difficult.

Comrade Xiannian was always a valiant, battle-seasoned fighter from the time he joined the Red Army. During the protracted armed struggles, he rendered immortal meritorious services to the Chinese people's liberation cause.

In 1954, Comrade Xiannian was transferred from Hubei to Beijing to take part in leading the central government's financial and economic affairs. Although he had been a soldier, he quickly became proficient in handling economic affairs at that time, which was not easy.

At this point, I must particularly mention that during the "Great Cultural Revolution," when Comrade Xiannian assisted Premier Zhou Enlai in taking charge of the nation's financial and economic affairs when the circumstances were very difficult, a large number of new or unfinished projects were completed or expedited. These projects—such as the Panzhihua steel works, the construction of the 1.7 meter-rolling mill at the Wuhan iron and steel complex, the completion of 13 large chemical fertilizer plants and four large chemical fiber plants, the Jiaozuo-Panzhihua railway, the Xiangfan-Chongqing railway, and the Shengli oilfield—are part of the foundation of China's socialist modernization drive.

Comrade Xiannian played an important role equal to that of Marshal Ye Jianying in crushing the "gang of four"—a struggle that had an important bearing on the destiny of our party and the state. Since Marshal Ye and Comrade Xiannian enjoyed high prestige among veteran cadres, Comrade Xiaoping hinted that they talk to veteran cadres. When I visited Marshal Ye, Elder Sister Deng [Yingchao] had just finished her talks and come out from his house. Marshal Ye first showed me the record of a talk by Chairman Mao that had phrases alluding to the existence of factions within the party. Then Marshal Ye asked me what to do. I said a struggle was inevitable. Thus, with the push from Marshal Ye and Comrade Xiannian, the Central Committee made the decision and crushed the "gang of four" in one stroke, pushing our country into a new historic period of development.

Although Comrade Xiannian and I never visited any special economic zones [SEZ's], we closely watched the construction in these zones. We maintained that if we want special zones, we must keep summing up experiences and make every effort to ensure they are operated properly. In recent years, the Shenzhen SEZ's import-oriented economy has been replaced by an export-oriented economy. High-rises have cropped up there. Its growth has been fast indeed. Today, the extent of China's economic construction is much broader and

more complex than before. Certain effective ways of doing things in the past are no longer practical under the current new situation, characterized by reform and opening up. This requires us to work hard to learn new things and keep exploring and solving new problems.

Comrade Xiannian dedicated his entire life to the realization of socialism and communism in China. His revolutionary spirit is eternal. We should remember him and learn from him.

Further Reportage on Death of Deng Yingchao

Ashes Spread Over River

OW2207092292 Beijing XINHUA Domestic Service
in Chinese 1232 GMT 18 Jul 92

[Feature by XINHUA reporters He Ping (0149 1627) and Zhu Yuquan (2612 3768 3123)]

[Text] Tianjin, 18 July (XINHUA)—Ashes were slowly spread along with petals over the Hai He....

Time became particularly dignified at this point.

She died without issue, but people who had worked at the side of Elder Sister Deng were even closer to her than one's own children and they carried out her last wish.

This was a heartbreaking moment—at 1217 on 18 July 1992.

"Mourn for Comrade Deng Yingchao with deep grief!"

"Eternal glory to Comrade Deng Yingchao, a great proletarian revolutionary and statesman!"

"Esteemed and beloved Comrade Deng Yingchao always lives in our hearts!"

These scrolls of calligraphy hung on Xinhaimen, a passenger ship, and revealed the feelings of the whole party and people throughout the country for Elder Sister Deng.

Ashes were slowly spread along with petals over the Hai He....

Elder Sister Deng spent her childhood and youth on the banks of the Hai He, and she also started her revolutionary career here. Traces of her militant deeds could be found here: She established the Awakening Society and took the lead in addressing people on the street to arouse them; participated in the 4 May Movement and was fearless in the face of fascist brute force; and made the acquaintance of Zhou Enlai and became his lifelong companion under the banner of communism.

When city residents heard that Elder Sister Deng's ashes were to be spread over the Hai He today, they stood along the sidewalks of the street to bid farewell to her. Some people in the crowd were sobbing. An old, gray-headed woman cast a little white flower toward the hearse with her trembling hand.

Tianjin people miss Elder Sister Deng, who had special feelings for them before her death. She called Tianjin her second native place. After nationwide liberation, she visited her second native place many times. In recent years in particular, she visited Tianjin three times. Leading comrades of the Tianjin municipal party committee always remember that, when she visited Tianjin in 1984, Elder Sister Deng urged them again and again: When the political line is correct, there still needs to be an organizational line to guarantee its implementation.... Only thus will it be impossible for anyone to change at will the line, principles, and policies laid down by the party since the Third Plenary Session of the party's 11th Central Committee.

Ashes were slowly spread along with petals over the Hai He....

It was a sunny day today, but people's hearts were laden with deep grief. At this time, Secretaries Zhao Wei and Gao Zhenpu, who had followed Zhou Enlai and Deng Yingchao for decades, choked with sobs while holding the ashes in their hands. How could they not be deeply grieved when they recalled the loving care they had shown for them and the teachings they had given them?

Zhao Wei went to work at Xihuating at the age of 23; she worked at the side of Premier Zhou Enlai for 10 years and at the side of Elder Sister Deng for 27 years. She had deep feelings for Elder Sister Deng. Dressed in solemn black, she stood on the starboard of the ship and said, while choking with sobs: "Dear Mother Deng, all those who had worked at your side have come here today to bid farewell to you. Although you have no children of your own, we are your sons and daughters and you will live in our hearts forever!"

Ashes were spread over the Hai He, and fresh flowers keep the loyal soul company.

As early as 1936, Zhou Enlai and Elder Sister Deng agreed that after their death, their ashes would be spread over rivers of the motherland. Zhou Enlai once said: "Why is it necessary to keep one's ashes after one's death? They can be spread over land as fertilizer or over a river to feed fish."

They worked their hearts out during their lifetime and still wanted to make the last contribution after their death. When thinking of this, Gao Zhenpu, who in uniform had served as security secretary to both Premier Zhou Enlai and Elder Sister Deng, felt as if a knife were piercing his heart. He spread some of Premier Zhou Enlai's ashes here 16 years ago. Today, he held the same casket containing Elder Sister Deng's ashes to carry out her last wish. At this time, he could no longer control his sorrow and said with tears in his eyes: "You lived a simple and frugal life. You asked us to handle your funeral in a simple way, and we have carried out your last wish. We should learn from you noble character and incorruptible principles and continue to accomplish your unfinished tasks."

Ashes were slowly spread along with fresh flowers over the Hai He....

Elder Sister Deng treated post-death details with indifference, but she took the undertakings of the party and the people very seriously. Zhao Wei told these reporters: Even when she was hospitalized, Elder Sister Deng constantly paid close attention to the construction and development of the country. Earlier this year, when Elder Sister Deng learned that Comrade Deng Xiaoping had made important speeches during his tour of south China, she excitedly called Zhao Wei to her sickbed and asked her to read Comrade Deng Xiaoping's speeches to her again and again. While listening to the speeches, Elder Sister Deng gratifyingly said: "Comrade Deng Xiaoping's speeches are good! In this crucial period, he has again greatly pushed forward the country's cause of reform and opening to the outside world, which is of great significance for bringing economic construction to a new stage."

A portrait of Elder Sister Deng was surrounded by wreaths, baskets of flowers, as well as green pine and cypress branches. It seemed as if she were bidding farewell with her particularly kind, optimistic, and smiling face for the last time to Tianjin, where she had grown up, to the mountains and rivers of the motherland, and to her comrades, comrades in arms, and those dear to her.

Ashes were spread along with fresh flowers over the Hai He, which would flow into the sea....

Petals of Chinese roses floated on the water, forming something like a gorgeous, colored ribbon. This symbolized Elder Sister Deng's noble character.

"Do not keep my ashes, but cast them away."

It was the feelings of a veteran communist.

It was a statement of a thorough-going materialist.

The Hai He will remember her forever!

CPPCC Meeting Recalls Deeds

OW2207081092 Beijing XINHUA Domestic Service
in Chinese 1334 GMT 18 Jul 92

[By reporters Zou Aiguo (6760 1947 0948) and Sun Yong (1327 0516)]

[Excerpts] Beijing, 18 Jul (XINHUA)— People sorrowfully bid farewell to Sister Deng Yingchao yesterday. Today the Chinese People's Political Consultative Conference [CPPCC] National Committee held a discussion meeting at the CPPCC hall to reminisce on Sister Deng's glorious and fighting life as well as to learn from her great moral character and lofty values.

The meeting was chaired by Hong Xuezhi, vice chairman of the CPPCC National Committee. He said: Comrade Deng Yingchao was a proletarian revolutionary of the older generation highly respected and

cherished by all nationalities and people nationwide. She unselfishly offered her life for the cause of the Chinese revolution and construction, and she enjoyed high prestige domestically and internationally. He said: In over seven decades of her revolutionary life, Sister Deng was always at the battle front. She steadfastly persisted in the communist belief and upheld the fine character of a public servant's hard and simple life, honesty, and approachability. She reflected the noble character and sterling integrity of a veteran communist. Comrades engaging in the people's political consultation work should follow her example and unite further around the party Central Committee centered on Comrade Jiang Zemin. We should carry on Comrade Deng Yingchao's unfulfilled undertakings and carry out our work in people's political consultation effectively in memory of her.

At the meeting, Sun Qimeng, vice chairman of the National People's Congress [NPC], highly appraised Comrade Deng Yingchao's lofty ideals. He said: Sister Deng was still concerned about our country's reform and opening up shortly before her death. She called for deepened reform and widened opening to the outside world, and she said: "This is a turning point with a profound significance in Chinese history." In remembrance of her, we should develop our economy and reform and opening to the outside world faster and better, as well as emulate her great moral character of stressing and practicing good party style.

Qian Zhenying, vice chairman of the CPPCC, said: Sister Deng taught me most with her words and deeds on how to become a true communist. A very important lesson she taught us was how to handle one's relations with organizations. She could have taken on many important positions with her talents, reputation, and qualifications following the founding of New China; however, she continued to devote all her energy to paving the road for liberating Chinese women. Although Sister Deng's letter to the CPC Central Committee contained only a few hundred words, the power that shook the people's minds was greater than that of a long letter with thousands of words. In remembering Sister Deng today, I recalled an ancient saying—"We behold a high mountain with awe, and although we cannot reach it, our hearts desire to be there."

In her speech, NPC Vice Chairman Lei Jieqiong recalled with deep affection her friendship with Sister Deng over half a century. She said: Sister Deng worked hard and honestly in her lifetime and left nothing behind at her death. She was an outstanding model of the CPC and a fine daughter of the Chinese nation. Touching on Sister Deng's contributions to women's work, she said: "Sister Deng was a pioneer of the Chinese women's movement. She frequently encouraged us to do women's work well and vigorously upgrade women's quality, and she stressed the equality of men and women. We cannot but have a profound respect for her ideals and foresight."

While recalling his work under Sister Deng's leadership, tears welled in the eyes of Zhou Shaozheng, former secretary general of the Sixth CPPCC. He said: As chairman of the Sixth CPPCC, Sister Deng put a tremendous amount of her energy in making political consultations and democratic supervision a regular and systematic practice; in perfecting the CPC-led multiparty cooperation and political consultation system; in uniting all democratic party members and people without party affiliations to help in various party and government undertakings centered on economic construction and accelerating the process of peaceful reunification of the motherland; and in strengthening the organization of the CPPCC to consolidate and expand the patriotic united front. The spiritual wealth she left behind will forever be revered by later generations.

Yang Zhengmin, deputy secretary general of the Sixth CPPCC and son of General Yang Hucheng, spoke of Deng Yingchao's concern for his family and her contributions to the organization and ideological construction of the CPPCC. He said: Sister Deng had an open, gentle, and respectable style, and we will always remember her pleasant and smiling face.

At the meeting, an elegy written by CPPCC Vice Chairman Zhao Puchu was read. [passage omitted]

Others who spoke at the meeting were Jia Yibin, Tan Tiwu, Yu Lan, Xie Fei, Wu Quanheng, and Zhuang Yanlin. Han Kehua, Shen Zui, and Huang Sen issued written statements.

Groups Grateful for Condolences

OW2307142092 Beijing XINHUA Domestic Service
in Chinese 1106 GMT 23 Jul 92

[Text] Beijing, 23 Jul (XINHUA) —The general offices of the Central Committee of the Communist Party of China, the Standing Committee of the National People's Congress, the State Council, and the Chinese People's Political Consultative Conference issued an announcement today. The full text of the announcement is as follows:

Announcement

After the death of Madame Deng Yingchao, the government departments, political parties and groups, friendship organizations from many countries, friends from all circles, as well as diplomatic envoys to China, Overseas Chinese, Chinese residing abroad, and compatriots from Hong Kong, Macao, and Taiwan sent messages of condolences to express their profound sympathies. The general offices of the Central Committee of the Communist Party of China, the Standing Committee of the National People's Congress, the State Council, and the Chinese People's Political Consultative Conference have been authorized to hereby express their heartfelt gratitude.

Party School Presidents Hold Forum on Reform

OW2307105192 Beijing XINHUA Domestic Service
in Chinese 1149 GMT 22 Jul 92

[By reporter Liu Siyang (0491 1835 2254)]

[Text] Beijing, 22 Jul (XINHUA)—The presidents of party schools across the country began a forum in Beijing today. At today's meeting, Xue Ju, executive vice president of the Central Party School, urged all party schools to emancipate the mind and carry out bold reform in accordance with the guidelines of Comrade Deng Xiaoping's important speeches and Comrade Jiang Zemin's speech, to make their courses and teaching methods more attractive and give theoretical studies a positive role in accelerating reform, opening up to the outside world, and economic construction, as well as in promoting party building, in an effort to fill the various tasks of the party schools with life and vigor.

The seven-day forum will mainly discuss the issues of earnestly summing up experience; finding out where we fall short; further emancipating the mind; and studying ideas and the direction for deepening the reform of the party schools' work in light of the guidelines of Comrade Deng Xiaoping's important speeches during his inspection of south China, the Plenary Session of the CPC Central Committee Political Bureau last March, and Comrade Jiang Zemin's recent important speech at the Central Party School. Its aim is to push forward the work and development of party schools under the new circumstances in a down-to-earth manner.

Xue Ju told the meeting that under the new circumstances, party schools currently shoulder an even more important task of fully implementing the party's basic line, centering around economic construction, to train more and better educated cadres to be successors into the next century.

He pointed out that although the educational work of party schools has shown constant improvement and distinct results in integrating theory with practice, institutionalizing and standardizing the enrollment of cadre-students, and enhancing party spirit among students, certain obvious gaps and shortfalls remain between their progress and the needs of the developing situation. The content of courses, in particular, is short of in-depth studies on such major practical issues as reform and opening up to the outside world as well as economic construction and shows a lack of emancipation of the mind. The selection of teaching material demands greater skill, as some materials do not meet the different needs of different students. Some courses place greater emphasis on the systematization of subjects and are thus deficient in integrating with new realities or in strengthening studies on specialized issues. In fostering the party spirit, we still need to continue exploring and improving ways to cope with the needs of the new situation.

Xue Ju believes that the idea of "skillful and practical study of Marxism-Leninism," which was put forward by

Comrade Deng Xiaoping during his south China trip, has great significance as guidance for educational reform in party schools. He said: In educational reform, we should make great efforts to carefully choose and read Marxist works—including related works of Marx, Lenin, Mao Zedong, and Deng Xiaoping—in connection with the new realities. In the course of study, we should guide students to further emancipate their minds, use their brains, and seek close integration with the realities of reform and development to carry out in-depth study on major practical issues. We should, through study, try hard to eliminate those doctrinal understandings of certain Marxist principles and works, as well as unscientific, or even totally distorted, understandings of socialism, thereby emancipating their thinking from such old constraints as the puzzle over the "labels of capitalism or socialism."

Xue Ju stressed that in reforming the educational system of party schools, we should pay attention to further strengthening the fostering of party spirit and improving students' consciousness in upholding and fully implementing the party's basic line, so that they will always take the lead in setting a good example in promoting a good party work style and clean administration, be the first to suffer and the last to enjoy, and work selflessly for and devote themselves to the public interest.

Xue Ju also gave his views on establishing a grade system, teaching methods, the systems of teaching responsibility and performance appraisal, and the reform of the systems of organization, personnel, and remuneration, as well as other issues concerning party schools.

Attending the forum were responsible comrades of party schools from the provinces, autonomous regions, municipalities, cities with provincial-level economic decision-making authority, and some other areas and departments.

Vice Minister Stresses Supervisory Work in Reform

OW2107104992 Beijing XINHUA Domestic Service in Chinese 1145 GMT 18 Jul 92

[By reporter Wen Ping (2429 5493)]

[Text] Nanning, 18 Jul (XINHUA)—Responsible individuals from supervisory departments in some provinces and autonomous regions in south-central and southwest China gathered in Nanning from 16 to 18 July to search for new "ways" to conduct supervisory work. In his summing-up speech today, Supervision Vice Minister Feng Tiyun noted: Supervisory work should be based on the policy of reform and opening up. Using the law as a weapon, we should include supervisory work in practical reform measures, exercise supervision over efforts to build clean government, and fight against economic crime.

Feng Tiyun said analytically: Some specific policies, laws, and regulations will remain imperfect while the old

system is being replaced by the new one. There are still many loopholes. If we do not tighten supervision and inspection and resolutely punish corruption, the vices of practicing graft, bribery, and the abuse of power to seek personal gain will spread unchecked. This will sully the image of both the party and government, and it will affect the sound development of reform, opening up, and economic construction.

Feng Tiyun urged supervisory agencies to strengthen preventive mechanisms to guard against potential trouble. He said: Active prevention is an important strategy in supervisory work. We should strengthen daily supervision and education of those who are subject to oversight in an effort to nip evil practices in the bud. We cannot let problems arise and grow until they cause losses and get cadres into trouble. Moreover, we should not take disciplinary action as the only preventive measure. Instead, we should increase contacts between disciplinary inspection, organizational, and personnel departments so that we can recommend to relevant departments the reassignment and transfer of those cadres who have caused problems but do not qualify for disciplinary action. This will effectively prevent violations of laws and disciplinary rules.

Further on Supervision Tasks

OW2107131092 Beijing Central People's Radio Network in Mandarin 1030 GMT 20 Jul 92

[From the "National Hookup" program]

[Text] The Ministry of Supervision recently summoned directors of departments and bureaus from provinces, prefectures, and cities in south-central and southwest China to a meeting in Nanning to explore new ways in which, under the new situation, supervision work could be of service to reform, opening to the outside world, and the economy.

The new situation of reform, opening up, and economic construction is currently placing greater demands on supervision work. The tasks of supervision work have become more arduous and formidable. On one hand, there is the need to continue in great depth the anticorruption struggle centered on building an honest government; on the other, there exists the need to serve and protect reform, opening up, and economic construction; strengthen efforts to build the system; institutionalize government administration; and enhance self-restraint in enterprises.

After summing up the work of supervision organs in south-central and southwest China since the beginning of the year, the Ministry of Supervision pointed out: The situation around the country differs from place to place. In dealing with new situations and problems, supervisory organs must review the realities in their localities and approach them by taking the overall situation into consideration according to the work requirements of local party committees and governments.

The Ministry of Supervision stressed: Cadres in supervisory organs should learn and be familiar with economic work. They should delve deeply into the practice of reform and opening up to learn, investigate, and study, and they should improve their skill in serving economic construction through administrative supervision.

Law Society Scores Achievements in Past Decade

OW2207140192 Beijing XINHUA Domestic Service in Chinese 2113 GMT 20 Jul 92

[Text] Beijing, 21 Jul (XINHUA)—Since its reestablishment 10 years ago, the China Law Society has actively forged ahead and performed many fine deeds to strengthen socialism and the rule of law, and to build the socialist legal structure with Chinese characteristics.

The China Law Society has over 100,000 members and brings together the cream of the crop of China's law academics and legal profession. It has 523 subordinate local law societies scattered across the country and 14 subordinate academic societies and specialized research institutes covering every sphere in the study of law.

In the past decade, the China Law Society and its subordinate organizations have upheld the integration of Marxist jurisprudence with the practice of socialism in China, the combination of basic theoretical research with applied law research, and the blending of theorists with practitioners, and it has organized and promoted the study of law in many disciplines and at different levels. The society has organized 445 national and 2,303 regional symposia and written 67,908 reports on works, theories, and studies. It also has explored the theories and practices of building socialism and a legal system with Chinese characteristics, and it actively supports the leadership with scientific basis in policymaking.

Placing emphasis on promoting reform, opening up, and economic construction, the consolidation of political power, the safeguarding of social stability, the strengthening of democracy, and the rule of law, the China Law Society and its subordinate organizations have actively taken part in the drafting, consultation, and validation of legislation, the inspection of judicial work and law enforcement, and the studies to improve public order. Particularly in the drive to educate the public on the law, they have compiled and published 331 kinds of reading materials, released over 5 million copies, organized 934 law training courses, sponsored 96 contests on the knowledge of law, and formed 21 lecture groups to publicize the law. They have included a column to publicize law in the publications *Jurisprudence of China*, *Democracy and the Rule of Law*, and *China's Legal Yearbook* by giving them wide coverage.

The China Law Society and its subordinate organizations attach great importance to strengthening contacts and cooperation with international law and bar circles. To date, they have joined many international law and bar organizations and have formed ties with the law and

bar circles in over 30 countries and regions. Through their efforts, China has held 16 international law symposia which were attended by more than 1,300 experts and scholars from over 60 countries and regions. In the field of international exchange, they have eagerly publicized China's policy of reform and opening to the outside world, China's achievements in building democracy and the legal system, and the legal setting for foreign businessmen coming to invest in China. They have picked up new ideas about law and new trends in legal systems from abroad, and drawn on experiences that were useful.

According to sources, on the occasion of the 10th anniversary of its reestablishment, the China Law Society commended 30 advanced groups and 73 individuals who have scored marked achievements over the past 10 years.

Anhui 'Illegal Detention' Case Causes Concern

HK2207012092 Beijing ZHONGGUO XINWEN SHE in English 1531 GMT 21 Jul 92

[Text] Beijing, July 21 (CNS)—The case of illegal detention of a deputy to the People's Congress of Bengbu City in Anhui Province, Mr Zhou Jialiang, by police officers Jiao Chunsheng and Wang Shuhai of Changchun City has attracted the serious concern of the Supreme People's Procuratorate.

The deputy procurator-general of the Supreme People's Procuratorate, Mr Liang Guoqing, speaking in response to a question from this agency, said that this was a serious case of abuse of power and the Changchun City People's Procuratorate had already filed the case for investigation on July 10. Mr Liang pointed out that this was one of such 23,466 cases handled by the procuratorates across the country in the first half of this year.

Procuratorial Official's Remarks to Press Noted

Views Safeguarding Rights

HK2207090992 Beijing CHINA DAILY in English 22 Jul 92 p 1

[By staff reporter Chang Hong: "People's Rights To Be Safeguarded"]

[Text] Chinese prosecuting authorities have stepped up their efforts in probing into cases of infringement of people's rights and dereliction of duty as a way of serving social stability and the economic construction drive.

Registered court cases involving illegal detentions, extortion of confession by torture, dereliction of duty and other instances of infringement of citizens' rights totalled 9,492 in the first half of the year, a 17.2 percent rise over the same period last year, according to a senior state procurator.

Wang Wenyuan, deputy procurator-in-chief of the Supreme People's Procuratorate, told a press conference

yesterday in Beijing that prosecuting offices across the country agreed to hear 23,466 such cases, a 4.6 percent rise over last year.

He said procurators would focus their attention on cases involving illegal detention, deaths and injuries caused by torture during inquisition, instances involving officials bending the law for personal interests and serious dereliction of duty.

He added the focus was on major cases and cases that took place in law enforcement departments.

Press reports early this month on the illegal detention of a local People's Congress deputy in Anhui Province by several police officers from Changchun, in Jilin Province, stirred the nation and brought fierce criticism of the officers.

Wang said prosecuting authorities in Changchun have started an investigation into the case and that the officers found guilty would receive due punishment.

"To protect citizens' democratic rights and their rights of freedom and to ensure the normal operation of government departments, the targeting of enterprises and institutions is among the important obligations of prosecuting organs," Wang stated.

Meanwhile, the deputy procurator-in-chief said some 43,700 bribery and embezzlement cases have been reported to prosecuting departments in the first half of this year, a 4.3 percent rise over the same period last year.

But he said the number of cases each involving at least 10,000 yuan (\$1,800) of bribes and embezzlement, stood at 6,800, up 18.5 percent over the same period last year.

Cases, each involving 500,000 yuan (\$92,000) and above totalled 25.

In one such case, a trade company manager in Guangzhou was accused of conspiring with a local bank clerk in 1989 to forge documents and of embezzling some 3.5 million yuan (\$640,000) in cash. Police arrested the manager this year when he tried to leave the country with a false passport and foreign currency totalling \$500,000 and HK\$650,000.

Prosecutions for Corruption Increase

HK2207010692 Beijing ZHONGGUO XINWEN SHE
in English 1530 GMT 21 Jul 92

[Text] Beijing, July 21 (CNS)—A serious case in which the manager of the Guangzhou Kanghui Development and Trade Company, Mr Xu Xiaochun, and another defendant were found guilty of embezzlement involving RMB [renminbi] 3.5 million was reported by the Supreme People's Procuratorate to the press today.

The Deputy Procurator-General of the Supreme People's Procuratorate, Mr Wang Wenyuan, said that it was just

one of 43,683 corruption cases handled by procuratorates in the first half of this year.

Mr Wang added that a total of 6,821 cases each involving over RMB 10,000 were filed for investigation by procuratorates in the first half of the year with 11 of them each exceeding over RMB 1 million. Some 434 division-level and above officials were investigated and dealt with in the first half of the year, 11 of whom were of bureau level.

In the Guangzhou Kanghui Development and Trade Company case, Xu was accused of collaborating with Wang Shuyi, an accountant with the Guangzhou sub-branch of the Agricultural Bank of China, by faking a seal and bills of the Guangdong branch of the bank to commit embezzlement worth RMB 3.5 million which was later illegally converted into U.S.\$ 500,000 and HK\$600,000. After the incident, Xu tried in vain to sneak across the border using a false passport, but was arrested by the police. The case is now under further investigation.

A former employee of the Hainan Trust and Investment Company, Yang Hucheng, who was responsible for credit business, was alleged to have taken a bribe worth RMB 445,000 from a borrower last July when processing a loan. The Haikou People's Procuratorate recovered RMB 380,000 of the bribe and filed a case against the man charged.

Criminal reports, according to Mr Wang, tended to be high in number over the past six months. Clues reported by members of the public or informants involved over 33,000 cases in the first half of the year, making up 75.6 percent of corruption cases handled by the procuratorates.

A total of 1,162 offenders who committed graft and corruption crimes gave themselves up to the procuratorates during the first half of the year including the former head of the financial section of the Housing Division under the Education Commission in Harbin, Mr Yu Wanku, who embezzled RMB 220,000 of public funds between 1989 and 1991.

90 People Arrested for Gunrunning Activities

HK2107110992 Beijing FAZHI RIBAO in Chinese
19 Jun 92 p 1

[By special correspondent Zhan Hong (2069 4767): "Yunnan, Hainan Crack Down Hard on Gunrunning Activities, Arrest Number of Criminals"]

[Text] Beijing, 18 Jun (FAZHI RIBAO)—This reporter has learned from the Ministry of Public Security that, to counter increasing criminal gunrunning activities, public security organs in Yunnan and Hainan have, since the beginning of this year, taken strong, vigorous measures to crack down hard on these activities. They have succeeded in cracking a number of major cases. According to incomplete statistics, since the beginning of

this year, public security organs in the two provinces have cracked 21 such cases, seizing 84 military firearms of different types and over 1,100 rounds of ammunition and rounding up 90 gunrunners.

In the fortnight including the last 10 days of May this year, public security organs in Yunnan Province have cracked four gunrunning cases, seizing 24 military firearms and over 70 rounds of ammunition and arresting eight criminals.

In the course of investigating and cracking cases and carrying out routine work, public security organs in Hainan Province pay close attention to firearm-related clues. Once they are discovered, they are pursued to the end. Following the successful discovery of an armed criminal case on 25 April, the public security organ in Chengmai County traced the firearm source and succeeded in ferreting out a seven-person gunrunning gang and seizing two military pistols and 26 rounds of ammunition.

In a circular, the Ministry of Public Security commended the public security organs in Yunnan and Hainan provinces for their achievements in cracking down on criminal gunrunning activities.

Jiang Zemin Meets Beijing's Theatrical Circles

HK2207134492 Hong Kong LIAOWANG OVERSEAS EDITION in Chinese No 27, 6 Jul 92 pp 4-5

[Article by He Ping (0149 1627): "General Secretary Jiang Zemin Holds Discussion With Artists of Beijing People's Art Theater"]

[Text] It happened in Beijing on the afternoon of 11 June 1992. Several minibuses drove along busy Wangfujing Street, then entered Shoudu Theater located to the north of the street. That was the very site of Beijing People's Art Theater, China's national temple of art, which enjoys a good reputation far and wide.

The minibuses pulled up, and a familiar figure stepped down, who was none other than General Secretary Jiang Zemin.

Beijing People's Art Theater was first organized and founded on 12 June 1952. On the eve of the 40th anniversary of its founding, the theater's artists were very happy to have General Secretary Jiang Zemin of the CPC Central Committee, who is also an old friend of theirs, present at their invitation.

When Jiang Zemin entered the theater, he found waiting for him in the lounge scores of veteran artists, who had worked in the very theater for over 40 years, headed by its president Cao Yu. Others were Tian Chong [3944 0394], Ye Zi [0673 1311], Zhu Lin [2612 3829], Hu Zongwen [5170 1350 3306], Lan Tianye [5663 1131 6851], Su Min [5685 3046], Yu Shizi [0060 2508 0037], Tong Chao [4547 6389].... They, the theatrical elite,

known across China and the world as well, have presented well-portrayed images one after another on the stage, laid a foundation for shaping the theater's own artistic style, opened up a path for the theater, and written a shining page in the history of Chinese contemporary drama. Today, everyone of the elite held in his hands a "founding member's cup" and an "honorary certificate," which the theater authorities awarded them; irrepressible thrill and pride could be detected on their faces.

There was a mingling of greetings, applause, and laughter. After many handshakes and exchanges of compliments, the artists of Beijing People's Art Theater asked Jiang Zemin to give a speech. When Jiang Zemin was just about to speak, he found the 82-year-old modern drama master Cao Yu was still standing. Jiang hurried over, helped the old man take a seat, and said respectfully: "I wouldn't dare say a word should the revered Cao be kept standing."

Jiang Zemin began his speech only when the revered Cao was seated. He said: "I am here today at Beijing People's Art Theater in the capacity of a modern drama fan; at the same time, I am here to extend, on behalf of the Central Committee and State Council, warm congratulations to the 40th anniversary of Beijing People's Art Theater's founding and my heartfelt respect to the veteran artists working hard on the stage of modern drama with outstanding accomplishments."

Jiang Zemin fully affirmed the theater's path in its 40-year development, he said: "You have persisted in presenting good plays, bringing up talent and taking the correct orientation. You have performed many famous plays with sound social effects [she hu xiao guo 4357 2585 2400 2654]. We are proud that the capital has such a temple of art!"

That is ever so true. Regarding the Beijing People's Art Theater, the 40-year progress of hard work has been splendid and arduous. The road to art is always rugged. The Beijing People's Art Theater enjoys an average box office of 85 percent, which is far higher than other modern drama troupes, and remains the most popular even in a difficult situation of a general slump in modern drama across China; nevertheless, it is inevitably facing an unprecedented challenge, with the size of modern drama audience shrinking with each passing year.

What is the cause? What is the way out?

Jiang Zemin held a discussion meeting, to explore, together with the theater's artists, how to reinvigorate modern drama undertakings.

Talking about the slump of modern drama, Lu Gang [7627 0474] said that what accounts for the shrinking in the size of modern drama audience is mainly the development of various forms of entertainment, including television, which has snatched away a large number of the audience.

"Aside from an increase in the forms of entertainment, are there any other factors?" Jiang Zemin asked with concern.

Xiu Zongdi [0208 1350 6611], a grade-A actor who starred in such plays as "Song of a Loyal Heart," "The Primary Building in China," and "God's Favored Children," aired his own view, saying: "Primarily, it is the shortage of plays. Prior to the 'Cultural Revolution,' the theater boasted a group of playwrights with Guo Moruo, Lao She, and Cao Yu as their representatives. Their concern, support, and care for modern drama brought to the surface a number of good plays and talents. But today, the number of specialized playwrights becomes increasingly smaller, and a playwright group is nonexistent." Xiu Zongdi concluded his remarks by saying: "We hope that Comrade Jiang Zemin will often come to see our performance at the theater to give us greater support."

Jiang Zemin promptly expressed where he stood, saying: We will invite the Beijing People's Art Troupe to give performance at Zhongnanhai. Upon hearing this, the participants could not help applauding. "Poor box office is a very complicated issue," Xia Chun [1115 3196], one of the theater's "four leading directors" said. "There is something to do with the plays. However, a good play does not necessarily enjoy satisfactory box office. Take the play 'Li Bai' for instance, which has recently been staged. It was up to some level, and was well received by critics, but its box office was far from being ideal."

"Would any other comrades like to speak? What about some young comrades?" Jiang Zemin took a look round at those who were present.

The theater's leading member asked fine young actor Han Cunxin [3352 1317 2500] to speak, while telling Jiang Zemin that Han played the title role in "Li Bai."

Jiang Zemin said: "It isn't easy to stage 'Li Bai'; it requires very high artistic cultivation of the actor." He continued, "Well, it's your turn to speak. Let us leave 'official jargon' behind today."

The next to speak was Hu Zongwen, a veteran actor who had been a member of a resisting-aggression modern drama troupe during the war of resistance against Japan. He said: "Today, actors of modern drama get very low pay. A movie star more often than not gets 1,000 yuan just for singing a song, but our young actors get a monthly wage of only 60-70 yuan. How can there be any rallying force under such circumstances?"

Here, Jiang Zemin turned to Chen Xiaoyi [7115 1420 5669], the heroine in the TV series "Girls From Other Provinces," who was sitting to his right hand side: "What is your monthly income?"

"My actual monthly wage is 74 yuan; with other fringe benefits, my take-home pay is 100-odd yuan," Chen Xiaoyi answered.

Then somebody told Jiang Zemin that young actors like Chen Xiaoyi found it rather difficult to make ends meet with their take-home pay alone, unless they were borrowed by other units to play some parts in a movie or teleplay, which promised some extra income.

In their speeches, they also talked about the theater's housing problems. They reflected, even some very famous veteran actors are allowed living quarters with a floor space of only 20-odd square meters as of today; in some cases, a family of several generations has to crowd in the same room. Although Beijing Municipality has adopted various measures to help resolve their problems, their difficulties have not been basically resolved. Should things go on like this, it would be very difficult to stabilize the theater's rank and file.

Having heard these conditions, Jiang Zemin knitted his brow and said in a tone with self-reproach: "Compared with Premier Zhou Enlai and Vice Premier Chen Yi in those years, it is true that we have not shown sufficient care for you." He then exchanged views with Li Tieying, Li Ximing, and Ding Guangeng who were also present and discussed solutions to the problems.

Jiang Zemin said: The Beijing People's Art Theater enjoys a high prestige in China and the world, but its artists' living conditions are rather poor. In my opinion, as an important aspect in socialist construction in spiritual civilization, especially a country with a civilization that has a history of several thousands of years, it will not do to not have an art organization that represents China and our national cultural level. The state should give certain support in this aspect. There must be some corresponding policy to ensure that these art organizations play a role in the national temple of art.

Talking about difficulties facing the theater today, Jiang Zemin said: In the final analysis, aside from implementing policies, to resolve these problems calls for making our economic construction come up as quickly as possible. Only when the economy has greatly developed will it be possible to do more things. He encouraged the Beijing People's Art Theater to continue to bring forth the fine tradition with persistent efforts, and score still greater accomplishments in making socialist literary and artistic undertakings prosper.

Science & Technology

Article on Nuclear Strength, Part One

HK2107102792 Hong Kong PAI HSING in Chinese
No 268, 16 Jul 92 pp 6-10

[Article by Chao Yun-shan (6392 0061 1472): "Communist China's Nuclear Might (Part One)"; first two paragraphs are PAI HSING editor's note]

[Excerpts] On 21 May, Communist China exploded a nuclear bomb with explosive power equivalent to one megaton of TNT in Xinjiang, making it the most powerful

in the history of Communist China's bomb tests. The world was astounded because it believed the test posed a threat as well as sabotage to mankind and the earth at a time when mankind is calling for the elimination of nuclear weapons and the saving of the earth. While both the United States and the Soviet Union in the past carried out more tests than Communist China, since that was not desirable conduct, they should not have been emulated.

Exactly how great is China's nuclear might, how many nuclear weapons does it have in storage—these questions will be expounded on by this article in detail. Owing to its length, the article will be published in two parts.

To date, academic circles have failed to make a profound study of the nuclear might of Communist China. Yet, it is this nuclear might which provides the fundamental energy fueling Communist China's activities in the international community. Until communism falls in China, and within the framework of an international community where Sino (Communist China)-U.S. confrontation forms one of the cornerstones of the new world order, the nuclear arsenal of Communist China not only supports its important position and conduct, but also influences the stance and conduct of the United States in Chinese affairs.

In the article: "Will the United States Intervene in the Event Communist China Attacks Taiwan?," this writer suggested that Communist China enjoys nuclear deterrent power over the United States. If and when Communist China attacks Taiwan, the United States will not be directly involved in a head-on war with Communist China because of the latter's nuclear might. An important argument contributing to this conclusion is the nuclear might of Communist China. Not only does it possess nuclear weapons, but its nuclear arsenal has grown to a level where it can confront the world's most powerful country, a United States which not only boasts a vast nuclear might, but is also actively developing the Strategic Defense Initiative program. If no intensive study of Communist China's nuclear might and its strategic role is carried out, it will be very difficult to understand the power bases for the interaction between the United States and (Communist) China, as well as its resulting phenomena in the short term or, more precisely, before the end of the CPC's regime. [passage omitted]

The following will discuss the facts and figures related to Communist China's production of 20,000-tonne nuclear bombs.

A. Communist China's ability to produce Uranium-235 [U-235] nuclear warheads.

Three plants which refine pure [chun 4783], enriched [nong 3426], and reduced [suo 4799] uranium in Communist China will be considered here: The earliest enriched and reduced uranium refining plant, located north of Lanzhou City in Gansu Province and which was first put into production in 1962; the enriched and reduced uranium refinery plant No. 1, located in

Ningxia's Helanshan and put into production during the Sino (Communist China)-Soviet border war in 1969, and the enriched and reduced uranium refinery plant No. 2, completed in Ningxia's Helanshan in 1975.

In the beginning, the Lanzhou refinery only had the capacity to produce some 100 kg of U-235 every year. However, during the war mania triggered by the "Cultural Revolution," from 1966 to 1967, the production capability of the Lanzhou plant regarding enriched and reduced uranium rose dramatically from an annual volume of 275 kg to 500 kg. But this kind of production craze led to other, negative effects, forcing the Lanzhou plant to scale down its production of U-235 to an annual volume of 365 kg.

For 12 or 13 years spanning the 1970's and the 1980's, the annual production capacity of the Lanzhou plant was kept steady within a range of 365 kg to 375 kg. It was not until 1983 that the annual production capacity of U-235 at the Lanzhou plant exceeded 400 kg. By the end of 1986, the Lanzhou enriched and reduced uranium refinery plant No. 1 had in its 24 years of existence produced some 8,250 kg to 10,000 kg of U-235 used in the manufacture of nuclear warheads.

In the 1960s, relations between Communist China and the Soviet Union deteriorated rapidly, prompting the former to intensify the development of its nuclear industry. In 1969, when the Sino-Soviet border conflict erupted into war, the Helanshan enriched and reduced uranium refinery plant No. 1 was put into production. Right from the start, its production volume surpassed the level attained by the Lanzhou plant after 20 years—an annual production volume of 400 kg of U-235. It was held in the West that the uranium production volume at the Helanshan plant No. 1 had remained stable since the plant opened 16 years before, that is, an annual production volume of 400 kg of U-235. But this appears not to be consistent with the characteristics of Communist China's military industrial operations. Based on a conservative estimate of an annual production volume of 400 kg of U-235, the Helanshan plant No. 1 should have manufactured a total of 7,200 kg of U-235 used in the production of nuclear warheads in the 18 years ending in 1986.

Meanwhile, the Helanshan enriched and reduced uranium refinery plant No. 2 was completed and put into production in 1975. Its production capacity remains unclear, but is believed to be not inferior to that of the Helanshan plant No. 1. But its production volume will be disregarded for the moment.

If only the U-235 produced in the Lanzhou plant and the Helanshan plant No. 1 is used to calculate the total amount of U-235 produced in Communist China, on the assumption that production capacity did not go up from 1986 to late 1991, then the U-235 that Communist China currently possesses should amount to 20,250 kg. Again, based on conservative calculations, where 17 kg of U-235 is used to manufacture an atomic bomb similar

to the one that the United States dropped on Japan's Hiroshima (Communist China's nuclear technology in the 1980's enables it to use 17 kg of U-235 to manufacture a nuclear bomb which is more powerful than the one dropped on Hiroshima), then by the end of 1991, Communist China could have used its U-235 to manufacture at least 1,133 Hiroshima-type atomic bombs.

Aside from U-235, plutonium-239 (Pu-239) can also be used to produce nuclear weapons. Moreover, Pu-239 can be produced easily and cheaply from nuclear reactors. Five kg of Pu-239 alone is enough to manufacture a 20,000-tonne atomic bomb. Hence, it is necessary to understand Communist China's capacity to produce Pu-239.

B. Communist China's capacity to produce Pu-239

Since Pu-239 can be produced easily from nuclear reactors and costs much less than U-235, it is therefore conceivable that the dozens of nuclear reactor plants currently operating in Communist China all have the capacity to produce Pu-239. However, an excessive supply of accumulated Pu-239 does not bring about any special advantages. To Communist China, it is enough to have an adequate supply of Pu-239 for its purposes. In the meantime, only the Baotou plant in Inner Mongolia and the Yumen plant in Gansu, Communist China's principal nuclear reactor plants in the production of Pu-239, will be discussed here.

The Baotou plant was put into operation in 1963, and at first the Pu-239 was produced for research purposes, with annual production volume a mere 10 kg. In the mid-1970's, annual production volume was gradually raised to 40 kg. In the 1980's, the plant was gradually converted into principally a Pu-239 production plant, with annual production volume maintained at around 150 kg. The power capacity of the two nuclear reactors at the Baotou plant is not very high and is placed at around 100 megawatts, hence its production capacity cannot rise unabatedly. Since it was put into operation in 1963, the Baotou plant had produced some 1,050 kg to 1,150 kg of Pu-239 by the end of 1991.

The Yumen plant is a nuclear reactor plant unlike the Baotou plant. Right from the very beginning, its objective was to manufacture the Pu-239 needed in the production of nuclear warheads. Thus, the nuclear reactors at the Yumen plant boast a higher power capacity, at roughly 600 megawatts. After the Yumen plant was put into production in 1966, its production of Pu-239 in the first year had already reached 200 kg, enough to make 40 20,000-tonne atomic bombs. After a steady production volume of Pu-239 for some 15 years at the Yumen plant, production volume was raised to 250 kg of Pu-239 per year in the early 1980s. Adding them together, the volume of Pu-239 produced at the Yumen plant since it first went into production comes to roughly 5,950 kg to 6,250 kg.

Without taking into full consideration the production of Pu-239 by the several dozen nuclear reactor plants and,

instead, taking into account only the bottom-line production of Pu-239 by the Baotou plant and the Yumen plant, and in line with the standard for manufacturing a 20,000-tonne atomic bomb with 5 kg of Pu-239, then the amount of Pu-239 in the hands of Communist China is enough to produce 1,400 atomic bombs similar to the one that the United States dropped on Japan's Hiroshima.

Based on the above calculation, by the end of 1991, Communist China had the capacity to produce 2,733 20,000-tonne atomic bombs. In other words, Communist China has the ability to repeat the Hiroshima bombing incident of 6 August 1945 2,733 times. Naturally, it will not drop its bombs in the same place.

Even though the aforementioned number of nuclear warheads is 10 times the Western calculations of the nuclear warheads owned by Communist China, the assessment of a capacity supported by 2,733 nuclear warheads is still a conservative one.

The conservative estimate comes not only from the use of the bottom-line production figures from each nuclear fuel plant; from the calculation of each single nuclear warhead being made out of 17 kg of U-235; and from a zero-possibility of other nuclear reactors producing Pu-239. The principal reason for the conservative estimate comes from the major factors: 1) The U-235 produced at the Helanshan plant over the past 18 years is not included in the calculation. 2) Production at third-line nuclear fuel manufacturing plants in Communist China, such as the Hanzhong [3352 0022] plant in Shaanxi, the Hongyuan [4767 0626] plant in Sichuan, and the Mianyang [4875 7122] plant in Sichuan is not included in the calculation. Compared with the production in these factories, the nuclear waste [fei liao 1683 2436] used up in the 36 nuclear tests conducted in Communist China, as well as that lost in the production process, is almost too insignificant to mention.

Hence, it would not be shocking at all to find that the number of warheads in Communist China's nuclear arsenal is more than twice the figure of 2,733.

Nuclear weapons made from U-235 and Pu-239 constitute only a part of Communist China's nuclear arsenal and represent its first generation of nuclear weapons. Communist China has at least two joint factories [as published], such as the Qinghai Huangyuan [3207 3293] plant and the Qinghai Haiyan [3189 2518] plant, which manufacture exclusively its second generation of nuclear weapons—thermonuclear warheads. The explosive power of a thermonuclear warhead (also known as a hydrogen warhead) is several dozen, hundred, or even thousand times that of the Hiroshima atomic bomb.

Inside a thermonuclear warhead, the "dynamite" is not merely U-235 or Pu-239, but the more powerful deuterate lithium (LiD). Even U-238 can become a powerful nuclear dynamite like U-235. To give readers an idea, the following figures may be studied:

Nuclear fission involving 5 kg of LiD is equivalent to 250,000 tonnes of TNT.

Nuclear fission involving 20 kg of U-238 is equivalent to 200,000 tonnes of TNT.

Nuclear fission involving 5 kg of Pu-239 is equivalent to 50,000 tonnes of TNT.

Therefore, when considering the nuclear arsenal of Communist China, it does not suffice to know how many Hiroshima-type nuclear warheads can be made out of its supply of U-235 and Pu-239; it is also necessary to know how many more-devastating thermonuclear warheads can be made out of its supply of U-238 and LiD. The following two pieces of information can help clarify the problem:

Fact number one: Of the natural uranium extracted from mineral ore, only 0.7 percent is the U-235 used to manufacture the first generation of atomic bombs, while 99.3 percent is U-238. In other words, for every one kg of U-235 extracted from natural uranium, Communist China can also acquire more than 140 kg of U-238. The amount of U-238 in the hands of Communist China is more than 140 times the amount of its U-235.

Fact number two: Long before the United States engaged in the Gulf war against Iraq, Communist China had already sold seven metric tons of hydrogen lithium [qing hua li 8641 0553 9465] (LiH) to Saddam Husayn. LiH can be used as fuel for rocket missiles and, moreover, LiD/LiH₂ can be extracted from LiH, because deuterium has the same ratio of natural isotopes as hydrogen. In other words, Communist China has an abundant supply of LiD with which to manufacture thermonuclear weapons.

Based on an analysis of the amounts of U-235, Pu-239, LiD, and U-238, they are sufficient to support Communist China's international strategic ambitions.

As for the numbers of strategic nuclear weapons and tactical nuclear weapons made from the aforementioned nuclear materials, their classifications and launch types will be discussed in the section entitled: "Nuclear Weapons of Communist China" in this article. [passage omitted]

For a comprehensive understanding of the nuclear bomb carriers of Communist China, it is necessary to focus on two aspects of the carriers, namely: capacity and numbers.

A. Capacity of nuclear bomb carriers

On 26 November 1975, the 3,500-kg military satellite launched from a "Long March-2" rocket by Communist China in Gansu's Jiuquan six days before returned to earth successfully and was recovered in central China. This event showed that Communist China's nuclear bomb carriers have a certain degree of accuracy.

On 7 December 1976, Communist China used a "Long March-2" rocket to launch a 3,600-kg flying object into earth orbit. Both Communist China and the West described it as a satellite, although Communist China called it "applied satellite No. 1," while the West called it "China-7." However, it was not simply a satellite. It was a triple-guidance flying object. One of them was recovered on the Chinese mainland as a returning, remote-sensing satellite. One was a 1,200-kg flying object which stayed in space for 23 days. The third was classified by *Jane's Weapons Systems* as a spacecraft. This incident proved that Communist China's nuclear bomb carrier now has multiple independently targetable reentry capacity. In other words, Communist China has the technology related to multiple-warhead missiles.

In May 1980, when the third-stage rocket pencil [ji lu tou 6068 6922 7333] of the "Dongfeng [East Wind 2639 7364]-5" (CSS-4) launched from northwest China fell successfully into the South Pacific, Communist China claimed that "it had attained advanced levels in guidance accuracy and carrier capacity, marking an important stride forward in China's mastery of modern, sophisticated science and technology." It was reported that some people hidden in a submarine had tried to snatch the pencil away a few minutes before Communist China's personnel arrived, but they failed. The experiment also demonstrated the intercontinental transport capacity of Communist China's carrier vehicles.

On 19 September 1981, Communist China used one Long March-2 rocket to launch three satellites into space, the orbit being 235 x 1600 km. This again demonstrated the transport capacity of its multiple-warhead missiles.

In October 1982, with its "Gulf"-grade submarine in the Bohai as a launchpad, Communist China launched solid rocket Dongfeng-4 (DF-4 CSS-N-3) from underwater. The rocket can carry one two-megaton hydrogen warhead with a range of 2,700 km. Communist China is even actively improving this type of rocket in order to convert it into a multiple-warhead missile, the CSS-NX-4. The project is expected to be completed in the early 1990s.

On 8 April 1984, Communist China used a "Long March-3" rocket to successfully launch a geostationary communications satellite to a prescribed fixed point. The low-temperature, high-energy propulsion technology and outer space double-ignition [as published] technology demonstrated here gave Communist China the capacity to guide intercontinental missiles, defense against which is difficult.

Communist China's capacity related to rocket carriers has gradually won international recognition. Starting in April 1984, Communist China began to solicit launching business from abroad. On 5 August 1987, the returning satellite launched successfully by the "Long March-2" (CZ-2) carried two micro-gravity [wei zhong li 1792

6850 0500] installations for the French (Matels) Company; exactly a year later in 1988, a returning satellite launched successfully by the "Long March-3" (CZ-3) carried micro-gravity installations for Federal Germany's MBB Company; and in 1990, the "Long March-3" rocket launched into orbit the "Asiasat-1" communications satellite manufactured by the United States' Hughes Company for Hong Kong.

The above-mentioned showed that Communist China now has a mature capacity in relation to the various kinds of nuclear weapons carriers.

B. Numbers of nuclear weapons carriers

Before 1986, while Communist China only used carriers to launch satellites two or three times a year, it was not due to its ability to manufacture carriers, but due to its insufficient number of satellites. Hence, when international business came rolling in, Communist China was immediately able to raise the number of commercial satellite launches to 12 per year. The launch rate of 12 per year may still be attributed to the size of the market, as well as Communist China's insistence on using Gansu's Jiuquan and Sichuan's Xichang as the only two official launch centers. Taking into overall consideration the manpower and material resources put in by Communist China, the strategic guiding ideology, history, and other aspects, the number of "Dongfeng-5's" (DF-5/CSS-4) manufactured by Communist China is roughly 18 per year. In other words, by the end of 1991, Communist China may already have nearly 200 "Dongfeng-5" carriers with a range of 15,000 km. Once nuclear warheads are installed in them, the carriers become weapons. This article has already described the situation related to nuclear warheads, and there is an abundant supply for the carriers.

In fact, the annual production rate of 18 "Dongfeng-5's" (DF-5/CSS-4) could be a conservative estimate. The well-known *Jane's Weapons Systems* (1987-88) mentioned that from 1980 to 1981, some 20 "Dongfeng-5" missiles with nuclear warheads installed were delivered to China's launch base in the east.

By using the following method, it is possible to arrive at a rough number of intermediate- and long-range missiles, aside from the "Dongfeng-5," in the possession of Communist China.

Take the "Dongfeng-2" (DF-2/CSS-1), which was already well-developed in 1966, the intermediate nuclear missile carrier "Dongfeng-3" (DF-3/CSS-2), and the intermediate and long-range missile carrier "Dongfeng-4" (DF-4/CSS-3), which was developed in 1971. Calculated at a production volume of 12 per year for each carrier, by the end of 1991, Communist China would have had a total of 840 intermediate- and long-range missile carriers.

In fact, the specific production volume for each model of the "Dongfeng" line of ballistic missile carriers is determined by the strategic war thinking of Communist

China, demands for advances in weapons technology, and the top hierarchy's assessment of the world political situation. The nuclear missile carriers of Communist China, ranging from "Dongfeng-2" to "Dongfeng-5," are well-developed models and Communist China has the capacity to produce them en masse.

Western academic circles often incorrectly estimate the capacity of Communist China to produce strategic missiles because their calculation of Communist China's nuclear might is based simply on the bottom-line figures provided by Communist China. If research is carried out on this basis and the conclusions obtained are used to formulate policies related to national security, very little positive value is generated. The following facts should be remembered by relevant experts:

Jane's Weapons Systems maintains that from 1987 to 1988, Communist China had 15 to 20 "Dongfeng-3" (DF-3/CSS-2) ballistic missiles; "The Military Balance" holds that from 1987 to 1988, Communist China had 60 "Dongfeng-3" (DF-3/CSS-2) ballistic missiles.

However, what shocked Western experts was that in 1987, Communist China secretly sold 36 "Dongfeng-3" ballistic missiles to Saudi Arabia as a single purchase. While the figure of 36 may be astounding to the West, it was no big issue to Communist China. Had the Saudis been willing to spend the money, Communist China would have been happy to sell more "Dongfeng-3's."

What is even more thought-provoking is that fact that some experts still maintain that Communist China only had 50 to 60 "Dongfeng-3's" from 1988 to 1989.

This incident shows that the number of missiles in the hands of Communist China, as conjectured and tossed about by the West, is inaccurate. Using this kind of figure as the basis for research, no matter how exquisite the procedure may be and how well-thought-out the hypothesis may be, it is still far from the truth, as it underestimates the nuclear might of Communist China and, as a result, draws erroneous strategic conclusions.

Song Jian on Science, Technology Development

HK2307015192 Beijing ZHONGGUO JINGJI TIZHI
GAIGE in Chinese No 5, 23 May 92 pp 13-16

[Article by staff reporter: "Interview With Song Jian on Speeding Up Development of Science and Technology Undertakings With Chinese Characteristics"]

[Text] The 1992 State Council National Science and Technology Work Conference ended amid the new waves of reform and opening up. In connection with the work conference, Song Jian, state councillor and minister of the State Commission of Science and Technology, talked freely with this reporter about the scientific and technological front's situation and tasks. He stressed that China's scientific and technological circles must unswervingly follow the party's basic line; continue to implement the principle of "economic construction

must rely on science and technology and scientific and technological work must serve economic construction"; further accelerate reform of the scientific and technological system; emancipate and develop the primary productive force of science and technology; and promote the overall development of science and technology in the main battlefield of economic construction, high-tech research, and developing high and new technological industries and basic research.

As economic construction is the center of all work, Song Jian said, the scientific and technological circles should rally closely around this center and serve economic construction.

The work conference decided to take facing the main battlefield of the national economy, serving economic construction, and guiding the economic and social development as the themes of China's scientific and technological circles in the 1990's; and urged scientists and technicians in all fields and levels to focus their attention on the center of economic construction. At the conference, Song Jian quoted the verse "the bamboo standing firm on the mountain braving the wind from all directions" to indicate the scientific and technological circles' determination in serving economic construction.

The selection of themes and making the determination was by no means accidental. Song Jian said that the themes originated from the guidance of the party's basic line while the determination came from the successful practice since reform and opening up.

The center of economic construction and the basic line of upholding the four cardinal principles and adhering to reform and opening up, which have taken shape since the Third Plenary Session of the 11th CPC Central Committee, constitute the fundamental guarantee for China's socialist cause to continuously win victory and the most powerful weapon ensuring China's long-term stability. The country's scientific and technological circles should firmly uphold this basic line.

Guided by the party's basic line, China's scientific and technological circles made great progress in the 1980's. To develop the national economy, the scientific and technological circles resolutely implemented the guiding principle of "economic construction must rely on science and technology and the scientific and technological circles must serve economic construction," earnestly resolved the problem in which economy was separated from science and technology, and enabled science and technology to play an increasingly important role in economic development. With great foresight, Comrade Deng Xiaoping made the scientific thesis "science and technology is a productive force and the primary one" in 1989. Gripping the key to the development of contemporary world economy and science and technology, he enriched the theories of building socialism with Chinese characteristics, developed Marxism, and laid the theoretical foundation for formulating principles and policies for China's economic and scientific and technological

development in the new period. The whole party and nation last year extensively studied this Marxist theory of Comrade Deng Xiaoping, which enormously increased people's sense of science and technology. Relying on scientific and technological progress to promote economic development became the common understanding of leading cadres at all levels. Many principal party and government leaders grasped the work of the primary productive force. All localities throughout the country worked out development strategies for revitalizing the provinces, cities, and trades with science and technology. The departments of finance, banking, taxation, industry and commerce, and personnel and various social circles continued to support scientific and technological progress, which further accelerated the pace of popularizing and spreading scientific and technological knowledge. Loving, studying, and applying science became a common practice. The road of integrating economy with science and technology became broader, the scope of technological economy further expanded, and China's economic strength was continuously enhanced. New headway was made in the three layers of facing the main battlefield of economic construction, developing high and new technology and industries, and basic research. All scientific and technological plans were smoothly implemented and a large number of major scientific and technological achievements were converted to productive forces, which energetically promoted the modernization of industrial and agricultural production and equipment. The country now has 27 state-level high and new technological development zones. New development has also been registered in supporting poverty stricken areas with science and technology, legal building of science and technology, soft science research, and international technological cooperation and exchanges. All this shows that great strides have been made in reform and development at the scientific and technological front and that scientific and technological undertakings have entered the best period since the PRC's founding. Song Jian stressed that the spring of new science has been brought about by the party's basic line. The scientific and technological circles should stick to this basic line in the 1990's and the entire 21st century, and make greater contributions to promoting and guiding economic and social development.

Song Jian said that the key to China's scientific and technological prosperity, economic development, national rejuvenation, and success of the socialist cause lies in courageously and boldly exploring reform of the scientific and technological structure, comprehensively promoting international scientific and technological cooperation, and expanding the scope of opening up from a strategic high plane.

During the National Science and Technology Work Conference, Premier Li Peng believed that reform of the scientific and technological structure was creative and successful in both theory and practice. What are the major tasks of scientific and technological structural reform in the 1990's? Song Jian said that the major tasks

are quite clear: We should fundamentally resolve the problem of facing the main battlefield of economic construction and establish and perfect a new structure which conforms to scientific laws, which corresponds to a planned socialist commodity economy, and which organically integrates science and technology with the economy and promotes each other. Although we have made achievements in scientific and technological structural reform, he pointed out, we are still far from reaching the goal of reform, so we should further emancipate our minds, take bolder and quicker steps, and strive to attain this historical task by the 1990's.

Viewed from a great deal of material offered by the National Science and Technology Work Conference, large numbers of China's scientists and technicians are still amassed in scientific research institutes, universities, and colleges. A considerable number of them stay idle or do not have enough work to do. Because of the difficulties in the flow of qualified personnel, there are great shortages of scientific and technological personnel in the vast economic field, which includes agriculture, industry, rural areas, and towns. All kinds of conventional systems have restricted the role of scientists and technicians and the community has not created opportunities for them to extensively display their talent. In particular, we are lagging far behind developed countries and newly emerging industrialized nations in transferring scientific and technological achievements to productive forces, social wealth, and economic strength. Viewed from implementing the central task of economic construction, the problems of China's scientific and technological circles are focused on: Science and technology are not closely integrated with the economy; the conversion of scientific and technological achievements to commodity, industries, and market is still weak; and a mechanism serving the main battlefield of economic construction has not yet taken shape. For this reason, Song Jian emphatically pointed out, continuously improving and boldly carrying out scientific and technological structural reform is the most pressing strategic problem to be resolved at present.

How should we intensify scientific and technological structural reform? Song Jian stated the following three points:

—Give policy guidance to all kinds of scientific research institutions; resolutely promote the flow of personnel; release a considerable number of scientists and technicians and place them in the main battlefield of economic construction; run high-tech industries; expand the scope of services; develop extensive fields; commercialize, industrialize, and internationalize scientific and technological achievements; and seek the existence and development of domestic and international markets. Institutions of higher learning should also allocate forces to run schools and factories in the new- and high-tech industrial development zones, economic and technological development zones, and special economic zones.

—Regarding a small number of scientific research units, which include some basic research institutes, major laboratories, social welfare organs, and engineering and technological research centers, the state will strive to maintain picked ranks of scientists and technicians in light of the principle of fewer but better. The state will also give essential support and increase outlays to promote research on the contemporary science front, scale new heights of science and technology, and ensure development of scientific and technological undertakings.

—The reform of the new and high-tech industrial development zones should go ahead of other parts of the country. We should first establish a new operation mechanism and structure, which will offer new experience to the country's scientific and technological reform. With the reform of the property right and distribution systems and the integration of planned management with market regulation as the focal points and with commercialization, industrialization, and internationalization of the new and high-tech achievements as the objective, we should bring along reform and development of the social insurance and socialized service systems.

These reform measures mentioned by Song Jian are the bold policy decisions made at the National Science and Technology Work Conference. As long as the measures are steadily and positively implemented, we will be able to remarkably change the outlook of China's scientific and technological circles and let the broad ranks of scientists and technicians display their talent in the main battlefield of the national economy, which will inevitably give impetus to China's economic and social development.

To expedite the development of science and technology and economy in the world today, it is necessary to take the road of international cooperation and absorb the outstanding achievements of all countries, including the developed Western nations. Song Jian stressed the necessity of opening up basic research, tackling scientific and technological problems, and the technical transformation of traditional industries to the outside world. In new and high-tech development, we should particularly focus our attention on the international level because it will be difficult to develop new and high technologies by limiting ourselves to the domestic market. He urged the scientific and technological circles to be determined to develop the world market; take note of cooperating with foreign countries in technological development and industrializing technological achievements; and regard the opening up of the provinces, autonomous regions, and municipalities as a major task. He also stressed formulating necessary policies and regulation to unclog channels and further create favorable conditions for importing and exporting technologies, drawing in foreign experts, dispatching Chinese experts abroad, and attracting Chinese students studying abroad to return and serve the country.

To serve economic construction, Song Jian said, the most important thing is to transfer the scientific and technological achievements to productive forces and speed up the achievements' popularization and application. We should take the scientific and technological progress of large and medium enterprises and the countryside as the major task in the main battlefield.

To strengthen the work of transferring scientific and technological achievements to productive forces, the National Science and Technology Work Conference stressed the necessity of further enhancing the sense of transfer of scientific and technological achievements, fully understanding the important role of the amount of scientific and technological achievements, and the progress of transferral in increasing the country's economic strength. Through strengthening propaganda and education and the building of the legal system, scientific research organizations should strive to spread the transfer of scientific and technological achievements to production units. Production units should vigorously accept the scientific and technological achievements rather than shelve them. We should develop various forms of channels at all levels for the transfer of scientific and technological achievements. Where conditions permit, scientific research units should establish a technology-industry-trade integration entity to effect the transfer. To transfer the scientific and technological achievements, it is necessary to vigorously enhance the intermediate links, which include further promoting the development of the technology market and improving the market management and regulations for technology. Through strengthening comprehensive guidance, giving guidance, offering information, and establishing networks, it is necessary to give full play to the government's functions of coordination, guidance, and services. In the fields of environmental protection and energy conservation, we should apply administrative, policy, legal, and economic means to transfer and spread scientific and technological achievements.

To further promote enterprise scientific and technological progress, the conference urged enterprises to increase input in science and technology by withdrawing not less than 1 percent from their total sales volume for the development of new products and technology. The proportion should be higher for technology-intensive enterprises and those which plan to upgrade their products. It is necessary to establish enterprise technological development organs and vigorously carry out building science and technology oriented enterprises so that they can set up information, planning, policy-decision, development, quality control, and scientific and technology target systems and gradually embark on the track of relying on scientific and technological progress to increase efficiency. We must enhance the chief engineer's role in organizing and promoting enterprise scientific and technological progress. Scientific research institutes, universities, and colleges should take part in product and technology development, technical transformation, training qualified personnel, and scientific management; and help township enterprises establish steady

technology backing and support the science institutes, universities, colleges, and township enterprises set up regional technology development organs and various forms of combines. With the available information, monitoring, and technological market as the foundation, it is necessary to establish a service system for township enterprises and train technology development and managerial personnel for township enterprises.

To further promote scientific and technological progress in rural areas, the conference proposed the following six measures: First, the boosting of agriculture with science and technology should become the functional behavior of governments at all levels. The prefecture and county levels should particularly regard boosting agriculture with science and technology as their main function, strengthen organizational leadership, promote coordination and cooperation between relevant departments, foster the thinking of protracted struggle, mobilize society to support agriculture, and continue to boost agriculture with science and technology. Second, extensively spread and apply advanced and applicable scientific and technological achievements, sparingly and comprehensively use resources, urge township enterprises to develop new industries and new products, develop regional mainstay industries, carry out operations of scale, and speed up the process of agricultural modernization and rural industrialization. Third, further expand the capital channels and continuously increase input in agriculture. Fourth, increase reform of the rural scientific and technological structure and promote the building and development of the rural socialized scientific and technological system. We should continue to effect a transition of science and technology popularization organs toward technology-agriculture-(industry)-trade integration. It is necessary to vigorously develop all kinds of peasant associations and research societies, extensively carry out various forms of technology and economic contracts, establish production combines with enterprises as the "leading factor," strengthen combination and coordination between scientific and technological service organizations and the supply and marketing system, and offer a series of services which cover the whole production process and which coordinates technology with capital and materials so that the rural scientific and technological service system can become entities and groups and be further upgraded. It is necessary to expand the scope of great agriculture and create conditions for the transfer of surplus rural labor. Fifth, further strengthen basic agricultural research and tackle major scientific and technological problems, vigorously adopt high-technology, strive to make a great breakthrough in breeding fine seeds, ensure the staying power for rural economic development, and effect the transition from traditional agriculture to ecological and efficient agriculture. And sixth, continue to rely on science and technology to support poverty-stricken areas so that the nationwide work of supporting the poor will embark on the track of relying on scientific and technological progress and improving laborer quality.

Song Jian said, to emancipate and develop productive forces and develop the economy, the primary task is to develop science and technology. We should make great efforts to scale new heights in science and technology, set up high aims and lofty aspirations of building China into a world science and technology power, and maintain a position deserving respect in world scientific and technological development. All branches and levels of learning should set the targets for scaling new heights, the higher and newer the better, change with each passing day, directly head for the forward position, and make efforts to realize the general objective of accelerating economic, scientific, and technological development.

—Pay great attention to the development of basic science, offer support from various aspects, maintain and strengthen a steady contingent and a number of capable basic research institutes, and build a number of key laboratories and experimental research bases to international standards.

—Strive to upgrade the overall level of input in science and technology; make use of the outlay, special allocations, developing funds, and other channels; and gradually raise the proportion of scientific and technological research and development funds of society as a whole in the national economy from 0.72 percent in 1991 to around 1.5 percent in 2000, approaching the level of developed nations. Loans for science and technology should outstrip 10 billion yuan annually by the end of the Eighth Five-Year Plan period.

—Attach great importance to the training of scientific and technological personnel. To accelerate economic, scientific, and technological development and attain the strategic objective of the 1990's, man is the decisive factor. In addition to thousands upon thousands of scientists and technical experts, we must vigorously train scientific and technological entrepreneurs who have courage and foresight and who are good at operation and management as well as pioneers of new and high technologies. At the same time, we should show more concern for, encourage, train, and support young scientists and technicians.

—Continuously perfect policies, strengthen the legal system for science and technology, establish and improve the system for protecting intellectual property rights, formulate a "Law for Scientific and Technological Progress" as quickly as possible, protect the legitimate rights and status of scientists and technicians, encourage them to create more wealth for society, allow them to obtain proper interests, encourage and graciously reward those who have made outstanding contributions, and implement the policy of offering special rewards to those who have worked for a long time under arduous conditions. Boldly use outstanding young and middle-aged scientists and technicians and create conditions for them to show and give full play to their talent.

Military

PLA Overall Combat Capability Improves Steadily

OW2207145992 Beijing XINHUA Domestic Service
in Chinese 0450 GMT 22 Jul 92

[By reporter Hu Nianqiu (5170 1628 4428)]

[Text] Beijing, 22 Jul (XINHUA)—Reform and opening up have instilled vigor and vitality into the military training of the People's Liberation Army [PLA]. In recent years, the army has scored fruitful results in military training and steadily improved the overall combat capability of all officers and men under modern warfare conditions.

In line with the principles for crack troops, combined forces, and high efficiency, the PLA has carried out a series of campaign and tactical drills, participated in by various arms and services in recent years. As a result, the quality of army commanders at all levels has been improved, while the ability of troops to coordinate and move rapidly in combat has been further strengthened. The People's Air Force has organized very difficult subjects for flight training. So far, over 63 percent of the combat regiments have met the requirements for fighting and training under all weather conditions. Emphasizing assignments on the sea, naval units and vessels have repeatedly completed, with outstanding performance, ocean-going drills and formation training, using real weapons and coordinating with other branches of the army. Ground troops have time and again used live ammunition in carrying out combined exercises under complicated highland and desert conditions, thereby enhancing the troops' ability to move, attack accurately, coordinate, and combine with other services.

Along with the strategic change in the guiding principle for army building, the PLA has attached great importance to quality improvement and stressed combat capability as the criterion for evaluating troops, regarding military training as the focus for work. A system of party committees discussing military affairs, chief officers taking charge of work, and both higher and lower levels devoting themselves to training has taken shape in all PLA units. Tens of thousands of cadres at and above the divisional level have gone down to the grass roots to offer guidance in training in the past two years. In addition, the PLA has also sponsored all kinds of meetings to exchange experiences and to popularize model examples through training at a given place. The PLA has successively trained hundreds of thousands of instructors and backbone squad leaders well versed in both military training and ideological work; thousands upon thousands of sharpshooters, crack gunners, and technical experts; and a large number of proficient staff officers.

On the basis of existing equipment and in light of special characteristics and assignments of modern warfare, the PLA has reformed its training and scored the following series of important results:

- It has unified and revised various outlines and manuals for training, deleting outdated materials and merging redundant subjects. In light of the characteristics of the new period, it has conducted training in techniques, tactics, commanding, coordination, and fighting methods; and emphasized the basics and coordination. As a result, military training has become more in keeping with the fighting demands under modern conditions.
- It has standardized the procedures, optimized the methods, and raised the quality of training. While inheriting the outstanding traditional training methods, it has also explored new methods for scientific and substantive training.
- It has developed simulated training means for increasing training efficiency. So far, the army has successfully developed various simulated training equipment and campaigns and tactical training systems. The use of electronics, laser, infrared, and other technologies in training has resulted in reduced expenditures and enhanced the reality of fighting, thus making training more effective.
- It has strengthened the construction of supporting training facilities. Many units have already built supporting facilities for training, mainly the training of officers. As a result, logistics work for training has been improved greatly.
- It has stepped up the legislation and standardized the management of training. Based on the "Military Training Regulations," a new system of consistent and coordinated training rules and regulations has taken shape in the army. The establishment of new rules and regulations has brought about more scientific and standardized management, further harnessed the enthusiasm of officers and men, and stimulated vigor and vitality in training, thereby pushing it to new heights.

Daily on Strategic Missile Troop Modernization

OW2307080492 Beijing XINHUA in English
0619 GMT 23 Jul 92

[Text] Beijing, July 23 (XINHUA)—China's strategic missile troops have accomplished over 1,000 research projects in recent years, which have greatly promoted modernization of the military force, the PEOPLE'S DAILY [RENMIN RIBAO] reported today.

The paper said that the troops' preparation time has been cut and the fast reaction capacity has increased drastically.

Among the outstanding research achievements, the paper noted, the second artillery corps engineering institute has mobilized 200 professors and experts to develop a big simulated operational system of strategic missiles in three years.

Scientists and engineers of the troops have also developed a facsimile system, color graphic Chinese processing system, missile control and monitoring system, ballistic remote-sensing system and a visible light surveying system.

Army Makes Headway in Modernization Attempts

OW2307080192 Beijing XINHUA in English
0647 GMT 23 Jul 92

[Text] Beijing, July 23 (XINHUA)—Special troops account for 60 percent of the Chinese Army, which marks the progress of modernization of the military force, according to official sources.

The special troops include artillery, engineers, armour, signals, anti-chemical warfare corps and electronic counter measure and strategic missile forces.

Statistics show that 40 percent of army officers are college educated. Among the Navy, Airforce and Second Artillery Corps, scientists and engineers, 50 percent received a college education.

Military academies published over 700 books on military theory and 20,000 theses in 1991.

Intensive training has been carried out with modern equipment and facilities. Strategic missile troops report a 100 percent accuracy in hits. The submarine fleet has reached an advanced level and 63 percent of the Air Force is capable of all-weather fighting, according to the military authorities.

Part 4 of Article on New World Military Pattern

HK1707130592 Beijing JIEFANGJUN BAO
in Chinese 26 Jun 92 p 3

[Article by Li Qinggong (2621 1987 0501): "Major Countries Actively Readjust Military Strategies—Development Trend in World Military Situation (Part Four)"; Part One of this article was published in the 15 May China DAILY REPORT, beginning on page 20; Part Two was published in the 28 May China DAILY REPORT, beginning on page 30; Part Three was published in the 18 June China DAILY REPORT, beginning on page 26]

[Text] After the dissolution of the Soviet Union, the world's major countries and military organizations have successively adjusted their own military strategies. This includes the identification of current and potential rivals, the selection of new strategic targets, the revision of war plans and operation procedures, deployment adjustments, and the overhaul of the means used to achieve strategic targets. In the course of formulating future military strategies, they are paying more attention to regional, deterrent, defensive, and emergency-type strategies.

The regional type. At present, various countries generally hold that regional conflicts and local wars caused by

turbulence in the political situation, power struggles, ethnic strife, territorial differences, border disputes, and religious disputes constitute major threats under the new situation, so the focus of their military strategies should be shifted to preventing the escalation of local crises, the outbreak of local armed conflicts, and checking local wars.

In February this year, the United States officially put forth its new military strategy—the "regional defensive strategy," which stressed the necessity of dealing with regional crises and conflicts. The main target of the strategy was shifted from the former Soviet Union and the East Bloc to some regional military powers which threaten its strategic interests. In March this year, the United States revealed guidelines for the 1994-1999 defense strategy program formulated by the Department of Defense, which put forth two of the major U.S. strategic objectives: one is to prevent the emergence of potential strategic rivals and new superpowers and to control Western Europe, East Asia, Southwest Asia, and the area of the former Soviet Union; and the other was to eliminate the root causes of various regional conflicts and unstable situations.

After the dissolution of the Soviet Union, Russia, Ukraine, and other countries basically scrapped the global military strategy pursued by the Soviet Union and put forth new security concepts. They hold that the former Soviet Union faces two major threats, namely, regional threats from big regional powers or groups, and local threats posed by conflicts between various countries of the CIS. In the next 10 to 15 years, conflicts will mainly take the form of local wars breaking out in frontier areas of Russia and other countries seizing territory, so the first and most important strategic objective of the military strategy is to check the outbreak of such wars and to eliminate local conflicts quickly.

NATO's military strategy used to have rather obvious regional characteristics. At present, European countries generally hold that threats against their security are shifting from the east to the west and from external to internal. Such European countries as Germany and France have strongly stressed the European character of NATO's military strategy and have demanded that a military strategy with European characteristics embodied by the Western European Union be formed.

The deterrent type. Along with developments and changes in the international political and military situation in recent years, various major countries in the world are shifting the focus of their military strategies to preventing the escalation of crises and to check the outbreak of wars. Through comprehensive and all-sided deterrence, they are trying to lower the danger of war to a minimum.

The United States has stressed that in the future, while maintaining deterrence against the former Soviet Union region, it would strengthen strategic deterrence against regional military powers and prevent these countries

from endangering its strategic interests. Not long ago, an American strategist announced that because the United States used nuclear deterrence to successfully check Iraq's attempt to use chemical weapons in the Gulf war, the deterrent strategy will still be effective in dealing with international crises in the future.

NATO military strategy has always been based on strategic deterrence. At last year's NATO summit in Rome, various NATO countries continued to stress the need to retain a sufficient nuclear deterrent and sufficient joint forces. As its guiding principle, it will use force as a last resort in dealing with crises according to the model of the Gulf war.

After the dissolution of the Soviet Union, the new CIS continued to stress the need to give play to the role of deterrence in checking the outbreak of wars in its military strategy. Kekeshen [4430 4430 3947], deputy Russian defense minister, recently said that the Russian armed forces, whose organization and structure is now being prepared, will become "a security guarantee against any contingency and will play a deterrent role against any action of invasion."

The defensive type. With the gradual in-depth development of the international disarmament process, the pace of world nuclear disarmament has accelerated. The strategic principle of "mutually agreed destruction" with offensive nuclear strikes as the main theme has been scrapped, and strategic defense is valued highly by more and more countries and will become a new strategic principle widely accepted under the new situation.

In 1983, the United States came up with the idea of replacing the traditional principle of strategic offense with the principle of strategic defense so that relative security from the threat of nuclear destruction would become absolute security with a guarantee of survival. It thus formulated the "strategic defense initiative." Although the program was revised several times for domestic political and technological reasons, its strategic objectives and basic principles have not changed.

CIS military strategy in the wake of the Soviet Union's dissolution continues to adhere to a "defensive strategy" established by the former Soviet Union. According to strategic guidelines and principles made public by Russia and other CIS countries, effecting territorial defense, dealing with domestic conflicts, resisting threats from neighboring regions, and maintaining the balance of power will be the main points of their strategic objectives and basic principles.

NATO is now carrying out a fundamental adjustment of its "flexible response" strategy and has adopted strategic principles and war plans for "all-sided defense." It has discarded the traditional concept that "offense is the best form of defense," changed its original "flexible response" strategy, which stressed preemptive nuclear strikes, and has adopted combat guidelines mainly based on defense, thus dealing with conflicts and wars in Europe and in other regions caused by ethnic conflicts,

border disputes, territorial disputes, terrorist activities, hostage-taking, and energy crises. Nuclear forces, which were previously to be used "in advance" are now a last resort in defensive operations.

The emergency type. Various major countries regard regional threats as the main threats they will face in the future and have laid more stress on "emergency reaction" and "rapid deployment" in the adjustment of their military strategy. The emergency character of the new military strategy finds expression mainly in combat principles, military deployment, and the use of forces.

As future regional conflicts and crises can occur suddenly and intensify and escalate rapidly, the United States has come up with an "emergency reaction" strategic principle. In the latest revised combat program for "integrated air-land operations," the United States first stressed the principle of "large-scale mobility," that is, the strategic transport of troops across oceans and long distances will be made according to the Gulf-war model so that U.S. military forces in the area of conflict can be reinforced rapidly. In its deployment posture, the United States is gradually changing its previous "forward deployment" into "localized deployment" or "domestic deployment" in order to maintain its military presence at the forefront and to allow a rapid reaction if crises, conflicts, or even wars suddenly break out.

Various important NATO countries are also changing the "flexibility" of the original "flexible response" strategy into an "emergency type" for their new military strategies, and are gradually being changed into "emergency reaction" strategies. At present, various NATO countries are adjusting their combat principles and deployments in order to deal with the possible outbreak of crises and conflicts on the eastern flank (Eastern Europe, especially the Balkan area) and the southern flank (the Middle East, especially the Gulf region), and have taken emergency reaction as the first and most important military principle. According to this principle, they are organizing multinational rapid reaction troops which are capable of fighting in distant places. Recently, Germany and France decided to establish a "European Corps," and this represents a concrete step in putting this military principle into practice. In addition, NATO countries are also changing the pattern of traditional "forward deployment" in order to deal with the diversity and multiregional character of future threats and to meet the needs of "all-sided defense."

Economic & Agricultural

Economists Claim Economy Not Overheated

HK2207094792 Beijing CHINA DAILY in English
22 Jul 92 p 4

[By Chen Xiao: "Experts: Economy Not Overheated in First Half of 1992"]

[Text] Beijing's economists believe that China's economy was not overheated in the first of this year.

But, they say, an overheated economy will become a reality and unwanted high inflation will return next year, if industry continues to grow at the expense of efficiency, investments are concentrated in the processing industry, and local governments keep rushing to open more construction projects.

Economists' warnings have caught the ears of central authorities.

"The central government has to hold strong momentum in the second half of the year," says Liu Guoguang, vice-president of the Chinese Academy of Social Sciences (CASS).

"Otherwise, another brake will have to be put on the scalding economy and the market-oriented reform will be delayed," he added.

Although the half-year report released by the State Statistical Bureau (SSB) says that the inflation rate is 5 percent, the price index on the free consumer market rose in the first half of the year. It is the first time that has happened since the autumn of 1988.

That can be a clear sign that inflationary pressure is building up, Liu says.

The exchange rate between the U.S. dollar and the yuan has soared to a record three-year high at foreign exchange transaction centres and on black markets. The rate went to 6.5 yuan and 7 yuan to the dollar in Beijing and Shanghai respectively last week.

Besides, the cost of living index in the 35 large- and medium-sized cities—another barometer of inflation—increased by 10.5 percent.

"The rising price index can be partly traced to price reform," says Qiu Xiaohua, an economist with the SSB. Of the 10 percent, about 4 percentage points were caused by readjustment of consumer goods' prices, he said. Burgeoning investment is another cause.

The State Council's recent decision to raise railway freight charges and prices and some raw materials in the second half of the year will inevitably boost the inflation rate.

However, demand continues to be weaker than supply in the consumer market, indicating that the country is maintaining a balance between supply and demand. That balance is one sign that the economy has not overheated.

Other signs can be found in the financial and banking sectors—revenues surpassed expenditures and bank savings exceeded loans; in the favourable balance of foreign trade—a surplus of \$2.5 billion; and in people's higher incomes—urban residents' income increased 15.3 percent and farmers 15 percent.

As for the 18.2 percent industrial growth in the January-June period, most economists say it is still under control.

The robust advance was created by growing capital investment rather than consumer demand.

"This is an outstanding difference in contrast to the 1988 overheating," Qiu says.

The SSB reported that investments in fixed assets within the State-owned sector increased 38.8 percent in the first five months, compared with the same period last year.

"The double-digit rate of industrial growth seems to be quite natural, responding to more reform measures," Qiu says.

Since Deng Xiaoping called for "boldness with reform" during his tour of South China early this year, the wheels of the reform cart have turned faster.

Enterprise reform, aimed at overhauling the traditional management mechanism, goes further, as does the reform in separating business from government.

Meanwhile, the Party's Central Committee decided in May to extend tax and foreign-investment privileges enjoyed by the coastal zones to all provincial capitals and more cities along the Yangtze River and along the borders in the north, south and west.

But the declining stockpiles of producers' goods and insufficient infrastructure serve as a warning that industrial growth is approaching the limit.

Prices for some raw materials are climbing, which was not included in the 5 percent price index for the first half of this year, Liu says.

Transportation services are in short supply again. In April, coal was in great demand. However, coal could not be shipped out of the mines. SSB reported that the supply of railway cars met only 70 percent of demand, down 10 percentage points compared with the first half of last year.

Meanwhile, some areas have had to switch off electricity, which is in short supply.

By the end of June, stockpiles in industrial enterprises under the State budget reached 138.7 billion yuan (\$25.4 billion), increasing by 25.7 billion yuan (\$4.7 billion) from the previous six months.

The growth rate of investment in basic industry and infrastructure decreased, Qiu said. For instance, the growth rate of input into the energy industry was 24.4 percent in the January-June period, down 3.7 percentage points from the same period last year.

Too many new capital construction projects have been opened. According to the SSB, the capital projects which are under construction within the State-owned sector

have exceeded 1,000 billion yuan (\$183 billion), which will continue to spur the growth of investment for the next two years.

"If not checked, such unhealthy momentum will lead to chaos," said Wu Jinglian, an economist with the Research Centre of the State Council. He takes a little more pessimistic attitude toward industrial growth, saying that the advance is fueling the economy toward the overheating point.

"Once more, the country has to determine how to deal with the relationship between reform and development," he says.

"Two or three years ago, China had a golden path to further reform. Instead, we put our efforts into bailing out lukewarm industries and involving ourselves in endless debate on the speed of reform," he recalls.

"Now, when the country has reached a consensus to be bold with reforms, the favourable climate no longer exists with the economy entering another overheating period," says Wu.

He urged that efforts be paid to improving the "infrastructure of market mechanism."

"Meanwhile, the country should adopt a correct attitude towards Deng's call," Liu said. Deng was unhappy with the budgeted 6 percent growth rate of gross national product (GNP).

"As I understand it, what he meant is that fast growth must be built on efficiency, high quality and the market," Liu said.

Current Financial Situation in 'Fairly Bad Shape'

HK2307023092 Hong Kong CHING CHI TAO PAO
in Chinese No 28, 20 Jul 92 p 18

[From "China Economic News" column: "Basic Solution to Financial Difficulties Lies in Deepening Reform"]

[Text] A person in charge at the central government recently pointed out that while China's current economic situation is quite good, its financial condition is in fairly bad shape because of big deficits. The reason for this is that in the course of reform, the old and new systems have failed to converge well as one is being replaced by the other. Problems from the old system have not been solved, while the new system has not yet been put in place, leading to frictions and the financial difficulties. The basic solution to the financial problems thus lies in further deepening the reform.

This person in charge said: To resolve the financial problem, it is necessary to do a good job in the following: (1) change the mechanism of the enterprises, readjust their structures, and improve economic performance; (2) grasp agriculture firmly and strive for bumper harvests in agriculture; (3) deepen price reform; (4) resolve the

problem of imbalance in distribution; (5) realistically resolve the problem of too many employees in "state organs" and of overbloated organs; (6) cultivate the viewpoint of looking at the greater financial picture by not limiting oneself to within the budget but by facing the society as a whole; and (7) pay attention to talented people.

This person in charge raised the following suggestions on ways to expand the reform and opening up: (1) It is necessary to emancipate the mind further and to learn to absorb all the fruits of civilization, be they ancient or modern, Chinese or Western. (2) It is necessary to underscore the need for growth rate and economic performance to develop simultaneously, and to produce according to market needs. And (3) It is necessary to stress the development of tertiary industry. Tertiary industry grew 50 percent last year and the pace should be picked up this year.

Bank Stresses Need for Tight Credit Control

HK2307024392 Hong Kong CHING CHI TAO PAO
in Chinese No 28, 20 Jul 92 p 19

[From "China Economic News" column: "People's Bank of China Stresses Need To Step Up Control of Total Credit Scope"]

[Text] Recently, the People's Bank of China laid down demands to step up control over the total scope of credit:

- No region or bank may exceed the scope of credit this year. Certain localities which willfully exceed the scope of credit and disregard the relevant methods related to control and supervision should make proper amends.
- Banks and regions which have already exceeded the scope of credit should take steps to balance it and gradually bring it down to a controllable level equivalent to that at the end of the preceding fiscal year.
- For enterprises which are engaged in the production and stockpiling of processed industrial products and which suffer from huge losses but have no sources of compensation, their credit lines should be tightened by all banks, while some loans should be suspended. And,
- Fixed assets loans should be strictly controlled. Banks should not extend loans to investment projects outside the state plan, particularly new investments projects outside the state plan.

At the same time, the People's Bank of China stressed the need to actively open up and guide the securities markets, standardize market management, and control the total amount of social credits.

To Expand Domestic Services

OW2107195092 Beijing XINHUA Domestic Service
in Chinese 0352 GMT 20 Jul 92

[By reporter Ding Jianming (0002 1017 6900)]

[Text] Beijing, 20 Jul (XINHUA)— President Wang Deyan of the Bank of China told this reporter today that the bank will soon be introducing services to transact in foreign-currency bonds and securities on behalf of clients and, upon approval by the People's Bank of China, will issue foreign-currency debentures inside China at an appropriate time.

The Bank of China recently expressed its desire to play the role of a state bank specializing in foreign exchange and foreign trade. It has constantly strengthened its capital base and presented various services in domestic and foreign currencies in the bid to provide an efficient, quality, and multifunctional service to China with regard to the utilization of foreign capital and development of the export-oriented economy and to accelerate its pace of developing into an international, businesslike, modern bank. To achieve this goal, the Bank of China will actively enter the domestic financial market during the second half of this year and for a certain duration in the future to increase the proportion of debentures as a source of capital and to continue to increase the variety of services in foreign-currency deposits. It will establish an organization to assess the creditworthiness of enterprises and actively help creditworthy and strong enterprises issue debentures in renminbi and foreign currencies. On top of that, the Bank of China will provide clearing and credit services to domestic enterprises trading with the Commonwealth of Independent States and other countries. Some branches in the prefectures and cities and economically developed counties will be permitted to deal directly in the international settlement of accounts.

Regarding credits, the Bank of China will break from its past practice of providing export credits only to import and export companies and will widen them to support all enterprises engaged in foreign trade. While supporting the construction of major projects such as energy, communications, and basic raw materials with foreign-currency loans, the bank will give preference to state-run large- and medium-sized enterprises. As for foreign-invested enterprises, the bank has decided to support them by setting aside special funds each year. The proportion of equity-capital loans to the Chinese side of large- and medium-sized Sino-foreign joint ventures that are earning good profits and a lot of foreign exchange will be raised.

Experts Issue Warning on 'Securities Mania'

HK2207085392 Hong Kong CHING CHI TAO PAO
in Chinese No 26, 6 Jul 92 p 20

[From "China Economic News" column: "Economic Experts Maintain: 'Securities Mania' Should be Toned Down"]

[Text] After the first "securities mania" appeared in 1988, a second wave has emerged in many places at the moment. Tens of thousands of enterprises have asked for an expansion of the experimental shareholding system and for the establishment of securities market without asking whether they are equipped with the conditions for it or not.

Faced with a second wave of "securities mania," some economic experts offered the following comments:

Gao Shangquan maintains that to reform the shareholding system, it is necessary to set up a corresponding securities market, but that this will require time. Reform of the shareholding system in many regions does not conform to standard and will have go through a certain period of operation.

Meanwhile, Xiao Zhuoji [5618 3504 1015] stressed that given the complexity of conditions in China's enterprises and the different organic makeup in technology, scale, and capital, it is not possible to implement a shareholding system in all enterprises. Uniformity should not be imposed.

Wu Jinglian [0702 2417 8834] pointed out that the most important objective in implementing the shareholding system is to change the operational mechanism of enterprises so as to orient the enterprises toward the market and genuinely turn them into commodity producers and operators with "four selfs" capability.

Li Yining maintained that "securities mania" should be toned down now, adding that for the last two years at least, the shareholding system is still at an experimental stage or an expanded experimental stage.

Jiang Yiwei [5592 0001 5517] said that growth of the shareholding system is a natural trend, but it should not become a bandwagon. The most important thing right now is to sum up experiences.

Liu Guangdi [0491 0342 4574] said that because China has just started its securities market and fluctuations in share prices remain abnormal, it is necessary to prevent changes in temperature in the markets from dealing a blow to efforts to raise funds and to develop the national economy steadily. At present, the conditions are not yet ripe for our country to implement the shareholding system on a massive scale.

Official on Investments, Creating Overseas Firms

HK2207083592 Hong Kong CHING CHI TAO PAO
in Chinese No 27, 13 Jul 92 p 23

[From the "China Economic News" column: "Commercial Enterprises Encouraged To Invest, Set Up Businesses Overseas"]

[Text] Fu Limin [0265 4539 3046], deputy minister of commerce, recently pointed out that commercial departments should set up enterprises overseas and develop transnational operations.

He went on: Commercial departments have a vast potential to invest overseas, as commercially run enterprises with solid foundations and extensive circulation networks are just some of the favorable conditions which other departments do not have.

It is understood that the East European countries, the CIS, and Third World countries are the key targets of commercial investments by the mainland. Fu Limin asked that localities with the necessary conditions actively invest and set up enterprises and stores in these countries, engage in substantial projects, bid for engineering and labor contracts.

Earlier, cities like Beijing, Shanghai, and Harbin had already taken the lead to invest in East European and CIS countries. At present, there are several provinces and cities which are enthusiastic about the idea.

Criteria for Foreign-Funded Firms Issued

HK2207054692 Hong Kong CHING CHI TAO PAO
in Chinese No 26, 6 Jul 92 p 20

[From the "China Economic News" column: "Criteria for Foreign-Funded Industrial Enterprises"]

[Text] The State Taxation Bureau recently issued a circular which laid down the criteria for defining [ren ding 6126 1353] foreign-funded enterprises in sectors other than industry based on the provisions of the "Implementing Guidelines Related to the Law on Income Tax of Foreign-Funded and Foreign Enterprises."

The circular provided that foreign-funded enterprises engaged exclusively in the following businesses may be defined as productive foreign enterprises:

1. Those engaged in construction, installation, assembly, and design projects as well as those which provide labor services to engineering projects (including consultancy and labor); consultancy and labor services include services related to the reform of existing production technology in construction projects or enterprises, improvement of production and operational management, selection of technology, as well as assistance or technical advice provided to help upgrade the functions, efficiency, and quality of existing production facilities or products of enterprises.
2. Those engaged in raising livestock, breeding (including aquatic product culture), plantation (including flower plantation), raising poultry and pet animals, such as cats.
3. Those engaged in scientific research and development related to production technology. And,
4. Those which offer clients storage and delivery services using their own transportation and storage facilities.

The circular pointed out that enterprises engaged in interior and exterior decoration, renovation, and installation of interior equipment; those engaged in the manufacture of advertisements, name cards, and pictures; those engaged in the distribution of books and journals; those engaged in food processing whose products are used principally in their own dining halls or for sale in stores; those engaged in repair and maintenance of home appliances and household utensils are not considered productive foreign-funded enterprises.

The circular also provided that foreign-funded enterprises engaged in the repair and maintenance of cars, electrical appliances, computer monitoring systems, ordinary instruments, and meters are not classified productive foreign-funded enterprises engaged in the repair and maintenance of production equipment and precision instruments.

Official Welcomes Foreign Real Estate Investment

HK2207054892 Hong Kong CHING CHI TAO PAO
in Chinese No 26, 6 Jul 92 p 21

[From the "China Economic News" column: "High Official in Charge of Real Estate Welcomes Foreign Investment in Real Estate"]

[Text] Zhou Ganzhi [0719 1626 1492], deputy minister of the Ministry of Construction in charge of real estate, said: China welcomes foreign investments in real estate, notably joint venture with Chinese partners in the development of high-end, high-input, and technically demanding real estate projects as well as in the importation of coordinated trade and industrial projects. These projects will include skyscrapers, luxury villas, five-star hotels with advanced facilities, and special rooms designed for use in high-technology industries.

He maintained that in jointly developing real estate with foreign businesses, the main thing is to look at market demand and not at low land prices or abundant land leases.

The deputy minister affirmed the practice in Shenzhen, Zhuhai, and other areas, where a yearly quota for land leases is affixed, believing that this not only meets market demands, but also prevents land speculation. Shenzhen recently announced that in the next five years, the city government will offer 6 square km of land for development by local and foreign investors each year. This practice should be popularized around the country.

He added: In promoting Sino-foreign joint ventures in the development of real estate, it is necessary to give benefits to foreign businesses; otherwise, people will not come. But there should be a limit to the benefits which are given out. The state should regulate and control the prices of real estate rationally as price fluctuations are detrimental to the development of China's real estate industry.

Labor-Export Business Enjoys Rapid Development

OW2207103692 Beijing XINHUA in English
0803 GMT 22 Jul 92

[Text] Beijing, July 22 (XINHUA)—China in the first half of this year signed labor-export contracts worth 3.7 billion U.S. dollars, about 100 million U.S. dollars more than the total of last year, an official from the Ministry of Foreign Economic Relations and Trade (MOFERT) said here today.

By the end of last month, China exported a labor force of more than 100,000 persons.

Chen Yongcai, director of MOFERT's international co-operation department, attributed the boom to the fact that China has strengthened economic relations with its neighboring countries.

Citing the Commonwealth of the Independent States (CIS) as an example, Chen said that China accepted goods instead of cash as payment for its exported laborers. In this way, he said, the difficulty that the CIS is short of hard currency was skirted and the economic relations between the two sides become closer.

According to him, in a trade fair held last month in Harbin, more than 700 million U.S. dollars worth of labor-export contracts were signed.

Chen is optimistic about the future of the business. "Not only with the CIS and countries in Southeast Asia, but also with Japan and South Korea, we could do a lot to promote co-operation in this field," he said.

Oil Industry To 'Expand' External Cooperation

OW2207070492 Beijing XINHUA in English
0642 GMT 22 Jul 92

[Text] Beijing, July 22 (XINHUA)—China's oil industry is making a plan to further expand cooperation with other countries, a high official said here today.

During an interview with XINHUA, Zhang Yongyi, vice-president of the China National Oil and Natural Gas Corporation, noted that the oil industry has become an international trade, and no country could develop the industry entirely by itself.

"The exploration becomes more and more difficult, drilling becomes deeper and deeper and working conditions become more and more dangerous, all these require closer global cooperation in the field," Zhang said.

He declined to give details of the plan, but reliable sources told XINHUA that steps to make China's oil industry more open to foreign companies would be "very bold."

In the past six years, Zhang's corporation has signed about 6,000 contracts worth 36.5 billion U.S. dollars with 20 countries and regions, and bought a large amount of equipment including 260 sets of computer

software and 40 production lines. It also invited foreign experts for technical consultation and hired more than 40 well drilling and seismic teams from France, the United States and other countries.

While importing advanced technology and facilities, China took part in international bidding for oil exploration and development in other countries. "We would like to do our part in the global cooperation to develop the oil industry by our experiences of dozens of years," Zhang said.

To date, China has sent more than 6,000 oil workers overseas.

Article on Running High-Tech Development Zones

HK1607055792 Beijing RENMIN RIBAO in Chinese
1 Jul 92 p 3

[Article by Yu Weidong (0060 4850 2767): "Strive To Properly Run Development Zones for Industries Employing New, High Technologies"]

[Text] Over the past decade, China has arranged a basic pattern for China's economy to advance toward the world, with a situation of opening up taking shape, characterized by "special economic zones [SEZ's]—coastal opening cities—coastal opening zones—the hinterland," developing step by step in a ladder shape from the coastal areas to the hinterland; consequently, China became one of the areas with the greatest economic vitality in the world in the 1980's. In such a new opening-up type economic pattern, the surfacing of the economic-technological development zones in SEZ's and coastal opening cities and development zones for industries employing new and high technologies in large and medium cities are most representative.

China's SEZ's are the pioneers of socialist China advancing toward the world, and the pacesetters of building socialism with Chinese characteristics. The SEZ's are the ties linking the Chinese and world economies, and play an ever-expanding exemplary role at home and overseas. The SEZ's are also the juncture where the home and world markets meet. The SEZ's are display windows of technology, management, knowledge, and foreign policy as well as windows through which foreigners come to understand socialist China. Therefore, we can see that the SEZ's shoulder particularly arduous responsibilities.

Economic-technological development zones are new-type economic zones founded in coastal cities. Their major tasks are to import in a big way advanced technologies China is in urgent need of and focus efforts on initiating joint-ventures of Chinese and foreign investment, cooperative enterprises, and enterprises with monopolized foreign investment, as well as scientific research organs with Chinese and foreign cooperation to research and develop production, study design, and exploit new technologies to research and develop high-grade products and spread new techniques as well as

experiences in scientific management. At the same time, some economic and technological development zones will develop into bases of world entrepot trade, too. Thus, we can see that the major function of China's economic-technological development zones is to import funds and technologies, especially advanced technologies.

China's development zones for industries employing new and high technologies are new-born things, which have surfaced only in recent years; the State Council has approved the founding of 27 development zones in this category. According to incomplete statistics, 3,400 enterprises with new and high technologies were put into production in development zones for industries employing new and high technologies in 1991 alone, and over 40 percent of their employees were scientists and technicians, with an annual sales volume exceeding 10 billion yuan. Development zones in this category have industrialized and internationalized the results of new and high technologies, while turning such results into commodities. The founding of development zones for industries employing new and high technologies have enabled scientists and technicians to have "their own special zones."

Summarizing the above, we founded four SEZ's in the early 1980's, 13 economic-technological development zones in the mid-1980's, and a number of development zones for industries employing new and advanced technologies in the late 1980's. Thus, we have largely completed the strategic plan for China's economy advancing toward the world's standards, and laid a solid foundation for building a new pattern for the opening-type economy.

These three new-type economic zones share a single goal, and all serve the socialist economy with Chinese characteristics. However, each has its own characteristics in their functions. The SEZ's are experimental zones for reform and opening up and the frontier for China's economy to advance toward the world. The SEZ's are surnamed "socialism," and, at the same time, are the juncture for the ties between China and the external world, especially developing countries. This being the case, it will not do if their scope is too small, and they must have large-type comprehensive functions. The SEZ's' area is ever-expanding. In 1980, when the four SEZ's were initiated, they covered only 338.67 square km; later, the area of Zhuhai, Shantou, and Xiamen SEZ's continued to expand; the area of the four SEZ's had already expanded to 632.1 square km by 1988; in addition to Hainan Island, the total area was 35,000 square km, which is 20-fold the area of Hong Kong, Macao, and Singapore put together and similar to that of Taiwan. Therefore, the call for doing a good job in the SEZ's in such a large area is self-explanatory.

Economic-technological development zones are the frontiers for coastal opening cities to import foreign capital and technologies. From the angle of area, it will not do if they are too large. Their functions are rather unitary, with importing technologies, especially advanced ones,

in the main. Through eight years of construction, the area devoted to industrial use in the 13 economic-technological development zones has been only 20-odd square km (the area in planning is 122 square km). Even on the area already developed, the intensive degree, including land utilization coefficient, density of investment and import are rather low; from now on, we should continue to augment macroscopic guidance and coordination.

The aim of development zones for industries employing new and high technologies is to attract China's scientists and technicians to convert new and high technological research results into productive forces. That is a very good pattern to spread technologies and an important means to develop intelligent resources. Because of the rise in a new technological revolution of a world nature, the period for scientific and technological results converting into commodities has increasingly shortened, and intelligence has become the most important factor in economic growth. This being the case, in building development zones for industries employing new and high technologies, we should not rigidly adhere to the size of area and scope, nor should we rigidly adhere to their forms, but proceed from their capabilities for attracting scientists and technicians and realizing scientific and technological results rapidly, which are to be efficiently converted to productive forces as quickly as possible. Generally speaking, it is appropriate to set up such development zones in the neighborhood of intelligence-intensive areas, with convenience in communications and transportation and sound social and policy environment. When such conditions are combined with the various essentials of the productive force, a climate will rapidly take shape with rather good economic results.

In the 1990's, China will rapidly develop from having enough food and clothing to being comparatively well-off, and realize the national economy's second doubling, namely, the second-step strategic goal, which is a difficult task far more arduous than the first doubling. This precisely requires our products to have still higher technological content, with still stronger competitiveness in the world. In recent years, China's development zones for industries employing new and high technologies have mushroomed; their births have precisely complied with the new demand of economic growth in the 1990's.

To work hard to run well the scores of development zones for industries employing new and high technologies already in existence is a strategic task for China's economy to mount a new plane in the 1990's. Science and technology is the first productive force. The building of development zones for industries employing new and high technologies has precisely created a sound climate and environment for the realization of the best combination of scientific and technological results and various productive force essentials, while rapidly converting new and high technological research results to realistic productive forces. Development zones for industries employing new and high technologies are the best carrier in the implementation of "developing high technologies,

realizing industrialization," and the best place to link various stages in high-tech research such as basic research, research in application and development, technologies for industrialization, and for turning results into commodities to shape a sound cycle. Development zones in this category are not only new industrial bases for science and scientific and technological results to directly convert to productive forces, but also incubators of new and high technologies and places from which they can play an exemplary role. Development zones for industries employing new and high technologies have created a sound environment for scientists and technicians to display their talents, while being capable of giving full play to intellectuals' wisdom and intelligence; at the same time, in the course of creating social wealth, the intellectuals are able to obtain their due rewards, thus providing a train of thought for resolving the intellectuals' problems. The growth of development zones for industries employing new and high technologies will also provide a new channel for talented people's comeback. An important goal of the restructuring of science and technology in China is to achieve the close combination of science and technology and the economy. Development zones for industries employing new and high technologies are the juncture for science and technology and the economy to come together as well as the experimental zones for the restructuring of science and technology.

Together with SEZ's and economic-technological development zones, development zones for industries employing new and high technologies have formed the supporting structure of China's export-oriented economic growth in the 1990's; they supplement, support, and cooperate with each other with a division of labor; and each has its own characteristics and plays its particular role in the new economic growth. Technologically speaking, SEZ's and economic-technological development zones mainly import advanced technologies from overseas, whereas development zones for industries employing new and high technologies mainly rely on our own scientific and technological forces, and at the same time, provide technological backing to SEZ's and economic-technological development zones. Their technological results will inevitably elevate the starting point for SEZ's and economic-technological development zones in importing technologies, while promoting their digestion and absorption. Of course, the successful importation of foreign advanced technologies and managerial experiences will inevitably promote the growth of development zones for industries employing new and high technologies.

In his important remarks made during his southern inspection tour early this year, Comrade Deng stressed the need to quicken the pace of reform, opening up, and economic development so that China's entire economic strength will mount a higher plane within a few years. Doing a good job of development zones for industries employing new and high technologies is one of the important measures for implementing the spirit of Comrade Xiaoping's remarks.

Recently, the State Council's leading comrade attached equal importance to zones in three categories (SEZ's, economic-technological development zones, and development zones for industries employing new and high technologies), and stressed the need to augment macroscopic guidance and give them support in various policies so that they will develop at a still faster pace in the 1990's and play a still greater role in the course of pushing China's economy toward the world. Comparing the zones in three categories, development zones for industries employing new and high technologies are late starters, and remain in the initial stage. This being the case, they call for more concern, guidance, and support from all sides. On 15 May, Comrades Jiang Zemin, Li Peng, and others of the central authorities inspected Beijing Development Zone for Industries Employing New and High Technologies, and extended the great concern and earnest expectation for development zones for industries employing new and high technologies across China. We should coordinate in a big way, work in a down-to-earth manner, and exert great efforts to do a good job of existing development zones for industries employing new and high technologies and make new contributions to China's economy mounting a new plane in the 1990's.

Economic Information Put Up to Auction

OW2207124092 Beijing XINHUA in English
1150 GMT 22 Jul 92

[Text] Beijing, July 22 (XINHUA)—Economic information will become commodities and be put up to auction for the first time in China next week in Tianjin, a major seaport city in north China.

Li Ligong, general manager of the Tianjin Municipal Keda Information Trading Center, said that the auction will take place in Tianjin on July 28 with the aim of promoting the development of the information industry.

The auction will cover economic information such as Sino-foreign joint venture projects, cooperative projects, know-how transfer and technical development projects.

The manager said that the auction will provide both domestic and foreign clients with various opportunities of seeking joint ventures and international cooperation, especially those which have stronger economic and technical capabilities.

Ministry Announces Fishing Restrictions

HK2207091592 Beijing CHINA DAILY
in English 22 Jul 92 p 3

[By staff reporter: "Fishing Restrictions To Protect Resources"]

[Text] Fishing in Chinese waters will be restricted in a bid to restrain the rampant destruction of resources.

The Ministry of Agriculture has set new rules for marine fishing during the Eighth Five-Year Plan period (1991-95) for all Chinese coastal and territorial waters.

A ministry official said devastating fishing methods such as fishing by set nets and trawling will be restricted while no fishing of any kind will be permitted during "no fishing season" and in "no fishing areas."

He said China had seen a sharp increase in fishing vessels and fishing horsepower from 1986 to 1990.

But yields were decreasing and fishing potential dwindling in all offshore waters as aquatic resources have been harmed greatly as a result of unchecked and extravagant fishing.

The number of popular fish such as hairtails, inkfish, the greater croaker and the lesser croaker has shrunk so dramatically the fishing of them has come close to a standstill.

According to the new rules, the nationwide fishing strength in Chinese coastal and territorial waters will be limited to under 10.23 million horsepower of vessels, 1.32 million horsepower more than the end of the Seventh Five-year Plan period (1986-90), said the official with the Bureau of Fishery and Fishing Port Superintendency under the Agricultural Ministry yesterday.

But he did not specify how many vessels this actually meant.

The local governments of all coastal provinces, municipalities, and autonomous regions are responsible for keeping their total marine fishing strength under 10.23 million horsepower before the end of 1995 by legal and economic means and with an education drive.

The registration of fishing vessels and the granting of fishing licences also will strictly abide by concerned fishery laws and regulations.

China drafted its first Fishery Law in 1986 and put it into effect the following year, which spelled an end to 30 years of random fishing.

In the following years, a series of rules, directives and restrictions were issued by the State Council and local governments in order to control over-fishing and to protect offshore aquatic resources.

But results have been negligible because fishermen and local officials paid more attention to output than to the quality of their catches.

Li Peng Urges Promoting Tourism in Suzhou

HK2207083392 Hong Kong CHING CHI TAO PAO
in Chinese No 26, 6 Jul 92 p 21

[From the "China Economic News" column: "Li Peng Says Main Pillar of Tertiary Industry Is Development of Tourism"]

[Text] During an inspection tour of Suzhou recently, Premier Li Peng showed great concern in Suzhou's tourism industry as well as in the development of the Taihu tourist region. After listening to a report on the general concept concerning the development and construction of the Taihu tourist region, Li Peng expressed great interest in the 4.95-km long Taihu Bridge, the second longest in Asia, which is to span Xukou's Yuyang Shan to Xishan Dao. He said: Once the housing problem is resolved, the main pillar in China's tertiary industry is the development of tourism. Taihu should be used effectively and some undertakings carried out to develop the tourism industry. Beaches and open-air swimming pools may be built, electric boats installed, and holiday resorts set up. The roads and communications should be improved as well to attract tourists. He pointed out that Suzhou's unique tourism resources should be exploited comprehensively, while preserving Suzhou's natural beauty.

Remarks of Vice Premier Zhu Rongji Reported

Stresses Need For Reform

HK2307023692 Hong Kong CHING CHI TAO PAO
in Chinese No 28, 20 Jul 92 p 19

[From "China Economic News" column: "Zhu Rongji Stresses: Key to Formation of Enterprise Operational Mechanism Lies in Government Departments"]

[Text] State Council Vice Premier Zhu Rongji recently stressed in a speech: We should establish an operational mechanism for enterprises. The key to whether or not an operational mechanism can be established in an enterprise lies not in the enterprise itself, but in government departments. Today, enterprises are subject to too many restrictions and have very little management autonomy. The comprehensive departments often stress microeconomics only and not macroeconomics, and these departments have very few people who are truly knowledgeable about the affairs of enterprises. In the end, these departments keep too tight a rein on microeconomic affairs, while neglecting the principal task in macroeconomics. Government departments are not proficient in managing microeconomic affairs (that is, decisions concerning operation and management of enterprises) and they do so very badly. Hence, in the course of setting up an operational mechanism for enterprises, it is necessary to promote the emancipation of the mind, with government department cadres taking the lead. Meanwhile, government departments should genuinely transform their functions and effectively manage macroeconomics through the formulation of policies and the full display of the economic levers' effectiveness.

Zhu Rongji also pointed out: We should absorb the advanced experience of the West in financial management. The chartered accountants system is an effective

social supervision system invented by developed countries practicing commodity economy in the last 100 years. China should give full play to the role of chartered accountants.

Urges Chemical Fibers Promotion

HK2107111092 Hong Kong CHING CHI TAO PAO
in Chinese No 27, 13 Jul 92 p 23

[From "China Economic News" column: "Chemical Fiber Industry To Be Promoted Vigorously"]

[Text] Vice Premier Zhu Rongji and a leader from the Ministry of Textile Industry recently pointed out at a conference: China should vigorously promote the chemical fiber industry in the future.

Zhu Rongji said: The chemical fiber industry is a major industry which China should vigorously promote in the course of readjusting its industrial structure. China's chemical fiber industry will undergo tremendous growth in the future and will grow by at least 100 times in the next five to ten years. To this end, the Chinese government will put in massive capital and manpower.

Meanwhile, Wu Wenying said: While raising the production of natural fiber, it is also necessary to vigorously promote chemical fibers. Hence, the development of the raw material industry for chemical fibers and the production of chemical fibers will remain the focus of development in the next ten years. Naturally, this development is aimed not only at quantitative increase but more importantly, at a further readjustment of the industrial structure and upgrading of product quality.

Hails New Inner Mongolia Airport

OW2307045892 Beijing XINHUA Domestic Service
in Chinese 1203 GMT 22 Jul 92

[By reporter Li Xiaojian (2621 2556 1696)]

[Excerpts] Hohhot, 22 Jul (XINHUA)—Inner Mongolia Autonomous Region's Xilinhot Airport, another new airport in our country's border regions now open to the outside world, has been completed and put into trial operation today. It is big enough to take medium-sized passenger planes. Vice Premier Zhu Rongji has sent a congratulatory cable.

The airport, with an initial flight route to Hohhot, is built in Xilin Gol League's Xilinhot City. With the approval of the State Council and Central Military Commission, construction of the airport began in May 1991 with a total investment of 25.5 million yuan. [passage omitted]

Relevant responsible persons of Inner Mongolia Autonomous Region, the Civil Aviation Administration of China, and the State Communications Investment Corporation, attended the trial operations of the airport today.

Song Jian Conducts Inspection in Guangxi

HK2107015492 Nanning Guangxi People's Radio
Network in Mandarin 1130 GMT 11 Jul 92

[Excerpts] During his recent inspection of Guangxi, Song Jian, state councillor and state science and technology commission minister, pointed out: In order to promote development of coastal and border areas as well as of the Chang Jiang tributary area, it is imperative to map out strategic plans, proceed from actual local conditions, simultaneously grasp two aspects, explore new development channels, and be bold in trying out new reform measures which are deemed correct.

Comrade Song Jian arrived in Beihai City on 5 July to attend a Guangxi Region Coastal Areas Comprehensive Development Planning Conference.

After the conference, accompanied by regional Chairman Cheng Kejie and other regional leaders, Song Jian went to Qingzhou Bay, Fangcheng Port, Dongxin, Pingxiang, Baishe, as well as a number of other prefectures, ports, wharfs, and trade centers in Guangxi's coastal and border areas. He also visited areas along the Chang Jiang where he carried out investigations and study, visited scientific and technological personnel engaged in ocean development projects, inspected border trade development headquarters, inquired about aluminum production situation, he called on mango production bases and households specialized in mango production. In addition, he met and held talks with the broad masses of cadres and people, with prefectural, city, and county leaders as well as comrades from science and technology front, and listened to work reports made by the regional party and government leaders. [passage omitted]

Comrade Song Jian expressed satisfaction over the spirit of daring to think and try out new things in conscientiously implementing and carrying out the basic line of one center, two basic points and in studying and comprehending the spirit of a series of important speeches made by Comrade Deng Xiaoping during his south China tour. He also expressed satisfaction over the sense of responsibility and sense of urgency in speeding up the regionwide economic construction pace displayed by party and government leaders at all levels across the region.

Comrade Song Jian also fully affirmed the new strategy and all new goals formulated and decided upon by the regional party committee and people's government with an eye to pushing ahead with regionwide reform and opening up.

Comrade Song Jian pointed out: Guangxi has a favorable natural environment, rich resources, and a superior geographical location. Once correct policies are adopted and clear-cut goals set, Guangxi is full of promise for pushing forward reform, opening up, and economic construction. He expressed the hope that leaders at all levels across the region will adopt a strategic approach to

exploitation of Guangxi's coastal and border areas as well as to areas along the Chang Jiang, implement relevant plans in light of actual conditions, and carry out construction at full steam in all areas where conditions are ripe. [passage omitted]

After inspecting Guangxi's coastal and border areas as well as areas along the Chang Jiang, Comrade Song Jian held talks with the regional party and government leaders, during which he noted: The people in some areas of Guangxi have yet to enhance a sense of commodity, a sense of market, as well as a sense of science and technology. He called on leaders at all levels across Guangxi to step up education with a view to continually strengthening a sense of commodity, a sense of market, as well as a sense of science and technology among the broad masses of cadres and people. He emphatically stated: Governments at all levels in Guangxi must continue to simultaneously grasp two aspects, namely, building infrastructural facilities and building projects which require short-term and less investment but are capable of generating enormous benefits in immediate future. [passage omitted]

Comrade Song Jian also called for attaching greater importance to qualified personnel and giving full scope to the roles played by all types of qualified personnel in the course of economic construction and in the circulation field in hopes of pushing regionwide economic construction onto a new stage as soon as possible. [passage omitted]

Accompanied by regional party committee Secretary Zhao Fulin, regional Chairman Cheng Kejie, and regional Vice Chairman Li Zhenqian, Comrade Song Jian also inspected Guangxi Agricultural Science Research Institute and expressed the hope that the broad masses of cadres as well as scientific and technological personnel in Guangxi will contribute more to Guangxi's development and to building socialism with salient Chinese characteristics. [passage omitted]

Chen Junsheng Notes Tangshan Port Opening

OW2107194792 Beijing XINHUA Domestic Service
in Chinese 1125 GMT 18 Jul 92

[By reporters Wang Yujuan (3769 3768 1227) and Xu Renjie (1776 0088 2638)]

[Text] Shijiazhuang, 18 Jul (XINHUA)—Following Tianjin and Qinhuangdao, another large sea outlet in northern China, Tangshan port, formally opens to domestic shipping today.

State Councillor Chen Junsheng sent a congratulatory message to greet the opening ceremony.

Tangshan port is located at the northwestern coast of Bohai Bay inside the boundary of Wangtan, Leting County, 90 km from Tangshan City. Back in 1919, Mr.

Sun Yat-sen had proposed the construction of a "large northern port" at this location in his "General Plan for Nation-Building."

The construction of Tangshan port began in July 1989. Two 15,000-ton-class wharves are now opened to shipping. A 78-km-long railroad connecting the port to

Dituo Zitou has been completed and is linked to the Beijing-Tangshan, Beijing-Qinhuangdao, and Datong-Qinhuangdao lines.

Tangshan port will have a handling capacity of 6.5 million tons by 1995.

East Region

Article Justifies Use of 'Capitalist Tools'

OW2307104892 Hefei ANHUI RIBAO in Chinese
12 Jul 92 p 3

[Article by Wan Yan (1354 6056): "A Thought on Whether it is Socialist or Capitalist"; from the "Forum of the New Period" column]

[Text] According to a report, during Deng Xiaoping's inspection of the Beiling Company in Shanghai on 10 February this year, he asked a comrade at his side: Is this piece of equipment capitalist or socialist? While that comrade could not answer the question, Deng Xiaoping said: This piece of equipment was capitalist, but it is socialist now. Socialist things can become capitalist things, and vice versa. Now, the controversy over whether something is capitalist or socialist has not yet ended. This is a major question of principle. I like to have a little capitalism. Why? It is because capitalist things can become socialist things.

What profound dialectics!

Socialism as a brand new social system will not come from the sky. Only after we inherit and use all the productive forces and cultural fruit of a capitalist society can we successfully build such a socialism. Lenin unequivocally pointed out: "The task of the working class, which has already seized political power, is to turn capitalist tools—including all the rich culture, knowledge, and technology that they have accumulated and are indispensable to us—into socialist tools." So, Lenin proposed a formula in the early years of the Soviet regime—"socialism equals the sum total of the Soviet regime plus Prussian railroad management order, American technology and trust organizations, and the American educational system."

How do we turn a capitalist tool into a socialist tool? The best way is to bring it here boldly. As an economically backward province, Anhui particularly should make a bold attempt.

For a long time, we have usually seen only antagonism between socialism and capitalism, and seldom have we seen the likelihood of learning from, cooperating with, and using each other between the two. Now that modern capitalism can use socialist things to delay its decline, why can't we bring here all good capitalist things that reflect the law of socialized production and make them serve socialism? In reform and opening up, China has already affirmatively answered this question. According to Marxist law, the results of "bringing here" and "changing" are the final substitutions of socialism for capitalism.

However, the "changes" are two-way, and socialism can become capitalism too, just as Comrade Deng Xiaoping has said. We must guard against such a change. Many circumstances can make socialism become capitalism.

For instance, if we resist reform and opening up, causing long economic stagnation and difficulties in people's livelihoods, socialism will lose its cohesive capability and eventually become capitalism. Both past and present facts show that to bring more capitalist things here and make them become socialist is precisely the best way to prevent socialism from becoming capitalism. In "bringing here," we of course have a principle—that is, it must be conducive to developing socialist productive forces. At the same time, we must consider Anhui's realities and must not copy other's experiences indiscriminately.

Fujian Military Port To Open to Outside Trade

HK2007110092 Beijing ZHONGGUO XINWEN SHE
in English 0827 GMT 20 Jul 92

[Text] Ningde, July 20 (CNS)—Sanduo, a military port in eastern Fujian, which has been veiled in mystery for dozens of years, will soon open to the outside world. The department responsible has recently agreed in principle to allocate some areas in Cheng'ao with 7.5 kilometres of coastline for the construction of a first-class port.

Sanduo, occupying a midway position along China's eastern coast, features a small entrance, broad capacity, deep water, and a stable channel, all of which made [as received] it an excellent harbour. As part of the coastline to be opened, 2.1 kilometres of it will have 13 berths built for vessels ranging from 100,000 to 300,000 tonnes while another 2.4 kilometres of coastline will be developed into several berths for large vessels of over 300,000 tonnes.

Ningde is now engaging in preparations for the supply of electricity, communications, posts and telecommunications and water supply while work on concrete planning, soliciting of businessmen, fund-raising and absorption of talents are now underway. A dozen overseas companies each with registered capital of over RMB 100 million have indicated their intention of investing in Cheng'ao.

Xiamen Begins Expansion of International Airport

OW2107103092 Beijing XINHUA in English
0957 GMT 21 Jul 92

[Text] Xiamen, July 21 (XINHUA)—The second phase expansion of the Gaoqi International Airport in Xiamen, in east China's Fujian Province, started July 20.

The expansion project includes construction of an air terminal with an annual handling capacity of five million passengers, a 2,700-meter-long parallel taxiway, a 60,000-square-meter aircraft parking area, and other supporting facilities.

The whole project will require an investment of 260 million yuan. The Arab Economic Development Foundation of Kuwait has offered 18 million U.S. dollars in low-interest loans for the expansion work, which will be completed in 1995.

The Gaoqi International Airport is located in the north-eastern part of Xiamen Island. It is 12 kilometers from downtown areas and is opposite the Jinmen Islands in Taiwan.

The airport was built in 1982 on the site of the former Gaoqi airport which existed before the founding of New China. The airport began operation in 1983 with an annual handling capacity of 350,000 passengers.

With the rapid development of economy and tourism of the Xiamen Special Economic Zone (SEZ), the airport can not meet the demand of the increasing Chinese and overseas passengers. By 1991, the airport's passenger transport volume reached 1.64 million per year, ranking fifth among all airports for civil aviation transportation in China.

In the first six months of this year, the airport handled nearly one million passengers.

To improve the situation, the Xiamen government decided to collect funds through various channels to further expand the airport, which is expected to play an important role in improving the passenger transport situation of the Xiamen SEZ and the southern part of the province.

Jiangxi Reports 'Fine' Financial Situation in 1992

HK2107032892 Nanchang Jiangxi People's Radio
Network in Mandarin 1100 GMT 14 Jul 92

[Text] During the first half of this year, the financial revenues and expenditures situation was fine in our province. Accumulated financial revenues was 2.249 billion yuan, accounting for 48.6 percent of the budget of the whole year, and representing a 13.5-percent increase over the same period last year. Accumulated financial expenditures reached 2.01 billion yuan, or 41.9 percent of the budget of the whole year, and representing a 3.4-percent increase over the same period last year. Financial revenues exceeded expenditures. The surplus was 248 million yuan, more than 50 percent higher than last year.

The main reasons contributing to the increase in financial revenues were: 1. Economic development in our province has been speeded up since last year, and industrial and commercial taxes have increased considerably. During the first half of this year, industrial and commercial taxes were 15.9 percent higher than the same period last year. 2. Expenditures resulting from price subsidies were reduced.

During the first half of the year, accumulated expenditures were 71.1 percent lower than the same period last year because of the increase of sales prices of main agricultural and sideline products, such as grain and edible oil, and the reduction of the price subsidies for them.

Shandong's Gao Changli Offers Views on Reform

SK2207005392 Jinan Shandong People's Radio
Network in Mandarin 2300 GMT 18 Jul 92

[Text] During his recent tour to inspect antidrought work in Yantai and Weihai, Gao Changli, deputy secretary of the provincial party committee, also conducted investigations and studied ways to accelerate reforms and opening. He fully affirmed the new progress and new achievements in reforms and opening of the two cities of Yantai and Weihai and touched on his views to further accelerate reforms, opening, and economic development.

Gao Changli pointed out: The important speech made by Comrade Deng Xiaoping during his tour to southern provinces and the guidelines of the central directives have blown like a gust of strong wind from the east to all parts of the motherland's vast territory, forming a macroclimate for the whole country in which all people can exert efforts to accelerate reforms and opening. This has given us not only a new opportunity for deepening reforms, expanding the scale of opening, and accelerating economic development but also made us face new challenges. This required us to emancipate minds under the new situation, to broaden our views, and to forge ahead unceasingly. We have been urged to study the new situation, formulate new plans, solve new problems, and push reforms and opening in a down-to-earth manner.

Gao Changli stressed: To seize the opportunity and to accelerate development under the new situation of all sorts of reforms being vigorously undertaken, we must break with conventions and actively explore a new road of reforms and opening. First, we should pay simultaneous attention to introducing investment from abroad and to establishing lateral ties at home. To run development zones and develop the export-oriented economy, we must focus our guiding ideology and work on attracting and utilizing foreign capital, technology, equipment, new methods, and trained personnel. At the same time, we should also pay attention to attracting and utilizing domestic funds, technology, and trained personnel; combine domestic trade with foreign trade; and develop both. Second, we should combine the efforts of the zones with those from outside; make overall planning and arrangements for the development zones in line with the overall pattern of reforms, opening, and the development of the export-oriented economy; introduce advanced techniques from outside the zones; serve as an example for other localities; and promote the development of many items outside the development zones and in the entire economy. Third, we should pay simultaneous attention to priorities and all other items. The scientific and economic development zones are the bridge towers for opening to the outside world. Localities, if conditions permit, should actively develop small industrial areas, seek widespread efficiency, develop the export-oriented economy in every direction and in various layers, strive to make breakthroughs in all fields,

and advance with giant strides. Fourth, we should combine domestic funds with foreign capital. While actively running development zones inside the province, we should broaden our fields of vision, go to other places, run enterprises in special zones and in foreign countries, directly enter the international market, and develop our export-oriented economy in a broader scope and at a higher level.

Gao Changli pointed out: To explore a new road for accelerating reforms and opening, we should pay attention to properly handling the relationship among reforms, opening, and development; use reforms to promote opening; and use reforms and opening to stimulate economic development. The fundamental purpose of reforms and opening is to liberate and develop the socialist productive forces. In line with the demand to determine the title of an essay to be written in line with the productive forces on deepening reform, pay attention to those crucial links that restrict the expansion of opening and economic development, deepen reforms, strive to make a breakthrough in one area, and promote work in all areas.

Gao Changli stressed: The key to seizing the opportunity and accelerating development under the situation in which the macro environment is roughly the same as the objective conditions is leadership. As for leaders, the crucial issue is their ideology. They must have a good mental state. Leading cadres at all levels must enhance spirit, untie their hands, boldly practice what is conducive to three aspects, emancipate minds in the course of doing their work, seek development and blaze new trails in the course of emancipating minds, and take a big step in reforms and opening to promote major economic development.

River Water Diverted To Ease Shandong Drought

OW2207123592 Beijing XINHUA in English
1008 GMT 22 Jul 92

[Text] Beijing, July 22 (XINHUA)—State and Yellow River flood control headquarters have ordered a stop to farm irrigation along the middle reaches in a bid to save water for the lower reaches of the river.

On July 9, the provinces of Qinghai, Gansu, Shaanxi and Shanxi and the Inner Mongolia and Ningxia Hui Autonomous Regions shut down more than 100 pumping stations which use water from the Yellow River for irrigation.

Meanwhile, the Liujiaxia Reservoir in Gansu Province has started to discharge more water.

The move is intended to ease the prolonged dry spell in the lower reaches of the river, especially in Binzhou Prefecture and Dongying in Shandong.

According to the hydrology station in Lijin County in Shandong, the Yellow River dried up on May 22 for the fifth time this year. Farmers can drive their tractors across the river bed.

June and July are usually the flood months for the Yellow River, but this year only drizzle and moderate rain has fallen over the middle reaches. Shandong Province has had the lowest rainfall in 40 years.

About 350,000 people in 496 villages in Binzhou are short of drinking water and 11 million kilograms of grain in Dongying has been lost as a result of the drought. The Shengli oilfield, the second largest in China, had to stop pumping water into oil wells for oil production.

Binzhou has cut water supplies to factories and rationed drinking water to residents.

All areas are mobilizing resources to limit the effect of the drought and to conserve water.

Shanghai Elderly Continue Contributing to Society

OW2107082792 Beijing XINHUA in English
0809 GMT 21 Jul 92

[Text] Shanghai, July 21 (XINHUA)—The number of "grey haired" people, or members of the aging generation, is growing so large in Shanghai, the leading metropolis in China, that it has made the city "aged" among all cities in the country.

The latest statistics show that the city has nearly 1.9 million people at and above 60, accounting for 14 percent of the total population. The ratio in downtown Jingan District is the highest, listed at 19.53 percent.

Every morning, more than 200,000 elderly people are seen stretching their legs and doing exercises on green land and in street gardens against the rising sun. At the more than 120 schools for the grey-haired elderly, the students number over 60,000.

According to experts, the aging population should indicate an advanced level of economic growth, but the aged also create problems for the society.

This is well understood by the aged people themselves. Instead of bringing the burden to the society and the family as well, many retired workers, technical personnel and intellectuals rejoined the work force after retirement as long as they can work. "While we can be useful, why not make an extra income," some of them say.

The Chinese call such a phenomena as contributing the "remaining warmth." When 500 old people were questioned during a recent survey, more than half of them said they still had some "remaining warmth to contribute." Many elderly people, especially those with certain expertise, are unwilling to idle away their time at home.

For example, a retired engineer surnamed Yu has provided technical consultancy for more than 30 towel and knitting ware factories during the seven years since his retirement.

Some old people return to their original work posts as a means to overcome a sense of loss. Their work units will accept them as they are not counted on the list of the official work force. Such a sense of loss is made worse by the lack of sufficient cultural and recreational facilities suitable for the aged, according to a government official. Many of those without particular skills are employed by work units nearby their home as door keepers or on other light jobs.

In recent years, retired chefs and workers also came out to join a growing number of catering services and trading companies.

Remarriage is another new problem among the city's senior citizens. Statistics show that of the 1.9 million aging population, 600,000 are widowers or widows. Nowadays, remarriage of old people is understood by more people. About 10,000 couples of old people get remarried every year in the city.

To help the elderly find their marriage partners, more than 20 special match-making agencies have been established across the city. They organize travels, dancing or tea parties as opportunities for the old people to find their spouses.

A marriage service station at Nanshi District received nearly 3,000 applications from the old people in the six years of its operation. Some 254 couples got married with the help of the station.

More than 20 percent of the aging couples said that apart from finding a partner in life, they want to live separately from their later generations. A survey indicated that about 64 percent of the old people still live together with their children although the size of an average family has shrunk to 3.08 members.

Another survey indicated that respecting the old and caring about the young, a fine ethic of the Chinese nation, is still well cherished by Shanghai residents.

Some experts said that the growth of the aging population in Shanghai has outpaced economic development. Despite the fact, the local authorities and different social sectors are doing what they can to help the aged.

Aging committees, management committees of retired workers and welfare houses have been set up. At present, more than 360 homes and apartment houses for the elderly have been built in the city. Other facilities such as special bathrooms, clinics, hospitals and universities and recreation rooms have senior citizens as their regular visitors.

At present, more than 100 neighborhoods have formed social service networks to offer all kinds of necessary

services for the elderly residents. About 6,700 "care taking" groups are extending their helping hands to the elderly people.

When a sick old lady was bedridden in her home at the Dezhou Residential Center in Yangpu District, her neighbors fixed an electric bell by her bedside. They will come to her home any time of the day at the call of her bell.

This is part of the "Cane Project" the city launched to serve the aged citizens.

Since October, 1990, Shanghai started providing special services and deducted charges on transport, shopping and hair cutting. Apart from three senior citizen hospitals, many hospitals have special departments serving the aged. Doctors call on the old people regularly to make health check-ups.

Experts and social workers are constantly seeking new ways in resolving the various kinds of problems among the aged. They said that entering the next century, the "grey haired wave" will probably become one of the top most social problems, for by 2000, the aging population will be 2.15 million, 16 percent of the city population. But they are confident that all problems with the aged will be solved.

Zhejiang To Invest One Billion Yuan in Airport

HK2007143592 Beijing ZHONGGUO XINWEN SHE
in English 1359 GMT 20 Jul 92

[Text] Hangzhou, July 20 (CNS)—Zhejiang Province has decided to make investment of RMB 1 billion in building a new international airport in Hangzhou, a member of the Standing Committee of the Provincial Party Committee and head of the Propaganda Department of the Communist party [as received] of China, Mr. Sun Jiaxian, told a visiting group from Hong Kong and Macao journalistic circles.

Mr. Sun pointed out that the city was visited by 550,000 overseas tourists last year and that it was poised to take advantage of the first travel promotion of "Visit China '92" this year to attract over 600,000 visitors, an all-time high.

In response to the actual situation, the central authorities agreed to allow Zhejiang raise funds on its own for the building of a new international airport in a district 20 kilometres from the urban area. Selection of a site for the airport is now underway.

Zhejiang so far has five airports in Hangzhou, Ningbo, Wenzhou, Huangyan and Yiwu. Of these, Hangzhou Airport is a first-class airport with regular flights to Hong Kong while Ningbo Airport is scheduled to open a non-stop air route to Hong Kong in late August.

Central-South Region

Guangdong Economy Gains Momentum

OW2107041192 Beijing XINHUA in English
0225 GMT 21 Jul 92

[Text] Guangzhou, July 21 (XINHUA)—The economy in south China's Guangdong Province gains momentum.

According to statistics from the provincial government, in the first half of this year, its general domestic product increased by 13 percent over the corresponding period last year.

The sales value of industrial products was 112.89 billion yuan, increased by 25.5 percent over the same period last year, and the retail sales volume was 48.29 billion yuan, increased by 19 percent.

The monthly income per capita in urban areas and in rural areas respectively increased by 22.9 percent and 12.9 percent over the same period last year.

Guangdong Province's export value and foreign investment to the province continued to grow. In the first six months, its export value was 7.66 billion yuan, increased by 37.8 percent over the same period last year, and the actually-used foreign funds were 1.87 billion U.S. dollars, increased by 85 percent.

The investment in state-owned fixed assets increased by 29.6 percent over the same period last year.

The construction of 36 key projects develops smoothly and the share-holding system made new progress.

However, economic specialists pointed out that the product set-ups should be further adjusted to raise industrial economic returns.

Guangdong Moves To Reform Commercial System

OW2107125092 Beijing XINHUA in English
1219 GMT 21 Jul 92

[Text] Guangzhou, July 21 (XINHUA)—Southern China's Guangdong Province has taken a bold step in reforming its commercial system starting from this year.

Altogether 100 state-run commercial and supply and marketing enterprises in the province were selected to be pilots in the four-year reform.

They are empowered to implement preferential policies set by the provincial government, try to shift their operational mechanism and probe a new way of management.

These enterprises will try out the operational mechanism being practiced in the foreign-funded enterprises and township businesses.

They are not limited by industries and districts and have the final say in management.

Enterprises with better conditions may set up chain businesses outside Guangdong or cooperate with enterprises in other parts of the country.

According to a provincial official in charge of the reform, these enterprises are empowered to trim their sails and fix the price by themselves.

They may work out the forms, standards and ways of distribution by linking employees' income with enterprises' economic returns, employing people from the society and dismissing employees.

These enterprises may issue a certain amount of bonds after getting the approval of the People's Bank of China.

Guangxi's Guilin Builds Technological Zone

OW2107124692 Beijing XINHUA in English
1215 GMT 21 Jul 92

[Text] Guilin, July 21 (XINHUA)—Construction is underway in building the first economic and technological development zone in Guilin, one of China's scenic spots in the Guangxi Zhuang Autonomous Region.

Four kilometers from downtown, the zone will cover 7.2 square kilometers.

Its first construction phase including 2.1 square kilometers will focus on the development of science and technology, real estate and tourist facilities.

So far 38 local and overseas businesses have gone to Guilin to hold business talks and conclude letters of intent involving a commitment of 970 million yuan.

Construction of a 20-story building financed by Taiwan businessmen is underway.

Foreign Correspondents Laud Hainan

OW2107140592 Beijing XINHUA in English
1225 GMT 21 Jul 92

[Text] Haikou, July 21 (XINHUA)—Thirty correspondents from 18 countries, stationed in China, have highly commended Hainan Province since their visit to the island recently.

Hainan is China's largest special economic zone and the youngest province.

Soon after they arrived in the province from Beijing and Hong Kong on July 17, they began to interview people of all walks of life across the island.

One correspondent said the development of this, China's second-largest island after Taiwan was beyond his imagination.

He did not expect that Hainan's infrastructural facilities would have improved so quickly. He added that flourishing Haikou, capital of Hainan, was similar to Hong Kong.

Many of the correspondents were impressed by Hainan's beautiful scenery and its booming foreign-funded economic and technological development zones.

Some correspondents from African countries disclosed that their countries were keen on co-operation with Hainan in processing industries and running joint ventures.

Hubei Secretary Addresses Work Meeting

HK2107023592 Wuhan Hubei People's Radio Network in Mandarin 1000 GMT 14 Jul 92

[Excerpts] A provincial nationality work meeting opened in Wuchang this morning. Provincial CPC Secretary Guan Guangfu addressed the meeting, stressing: It is necessary to further strengthen nationality work, enhance nationality solidarity, deepen reform, expand opening up, and speed up economic and social development in areas inhabited by minority nationalities and various nationalities to promote common prosperity and progress.

Guan Guangfu said: CPC committees and governments at all levels throughout the province, and leading cadres at all levels in particular, must unify their understanding with the spirit of the central meeting on nationality work in close conjunction with the practical conditions of nationality work in our province. We must firmly and fully implement the party's basic line. We must base ourselves upon the center of economic construction, properly handle and rationally deal with various nationality affairs. We must consolidate and develop socialist new nationality relations characterized by living in harmony and sharing weal and woe to promote Hubei's reform and opening up, push its economy to a new height, and raise its nationality work to a new level. [passage omitted]

Guan Guangfu pointed out: Provincial CPC committee and government support establishing a development zone in Exi Autonomous Prefecture, running the development zone as a special zone, and building it into a new economic growth point, example and medium for opening up in Exi Autonomous Prefecture in order to foster the economic development of the entire prefecture. With regard to existing enterprises and new enterprises which are to be established in areas inhabited by minority nationalities and various nationalities, we must provide them with flexible policies which are more preferential than other areas in terms of taxes, prices, profits, credits, and so on to solve their practical problems of low efficiency, enhance the competitiveness of their products, and invigorate their enterprises. We must resolutely implement the existing preferential policies of the party and state, and promptly perfect and improve them in light of the changing situation. We must do our best to gradually increase our investments in areas inhabited by minority nationalities. During the Eighth Five-Year Plan period, our province's total investments in fixed assets in areas inhabited by minorities must be

higher than the general level during the Seventh Five-Year Plan period. The margin of increase must be higher than the average level of the whole province. We must continue to construct highways and strengthen infrastructure projects including traffic, telecommunications, and so on in areas inhabited by minority nationalities through the method of launching projects to provide jobs. Support for relevant departments must continue to be strengthened. We must vigorously develop undertakings such as science, technology, culture, sports, and public health to ensure all-round progress in areas inhabited by minority nationalities. [passage omitted]

Hunan Governor Urges Use of Scientific Advances

HK2107102092 Changsha Hunan People's Radio Network in Mandarin 2300 GMT 13 Jul 92

[Text] The provincial government invited heads of some scientific research institutes to a meeting in Changsha yesterday mainly to study ways to transfer scientific and technological achievements into productive forces.

Governor Chen Bangzhu and Executive Vice Governor Dong Zhiwen attended.

Hunan's scientific and technological work has presently entered a new period for development. So far this year, 100 achievements each in scientific research in industry and in agriculture have been disseminated province-wide; 30 major problems in scientific research have been tackled; and 30 major promotion and development projects have been carried out, of which 10 development projects will have an output value over 100 million yuan, 20 development projects over 10 million yuan, while the output value of the new and high-tech enterprises among the projects will exceed 1 billion yuan.

According to incomplete statistics, Changsha, Yueyang, Zhuzhou, Xiangtan, and Hengyang development areas have invested 2.2 billion yuan, erected buildings covering 5 million square km, and introduced 689 new and high-tech enterprises. But the rate at which scientific and technological achievements are transferred into productive forces provincewide remains low. The rate at which advanced agricultural science and technology is transferred into productive forces only stands at about 40 percent while less than 30 percent of advanced industrial technology was disseminated.

During the meeting, heads of scientific research institutes forwarded many proposals for transferring scientific and technological achievements into productive forces and also pointed out problems in this respect.

Comrades Chen Bangzhu and Dong Zhiwen attentively listened to the participants' opinions.

Chen Bangzhu stressed: Scientific research institutes must gear their work plans to market needs and work hard to create conditions for achievements in scientific research transforming into productive forces. It is necessary to gradually solve [words indistinct] of scientific

research institutes. The provincial economic commission should encourage industrial enterprise managers to visit scientific research institutes to find scientific research achievements which can help them develop their productive capacity.

Governor Chen suggested that the provincial science and technology commission call a meeting to exchange market and technological information in spring and fall every year, thus providing markets and conditions for transforming scientific and technological achievements into productive forces.

Governor Chen Bangzhu said: The provincial government will establish a fund for transferring scientific and technological achievements into productive forces and invite tenders for scientific research. He hoped scientific research institutes would energetically submit tenders.

People in charge of the provincial science and technology commission, economic commission, planning commission, foreign economic relations and trade commission, et al attended yesterday's forum.

Southwest Region

Guizhou Secretary on Developing Rural Enterprises

HK2207053092 Guiyang Guizhou People's Radio
Network in Mandarin 2300 GMT 13 Jul 92

[Excerpts] A provincial work meeting on township and town enterprises, which ended yesterday, stressed that leading party and government leaders at all levels must regard development of township and town enterprises as the focal point of economic work in rural areas. Leading cadres must devote every effort to the development of township and town enterprises and also make technical personnel, management personnel, financial resources, and material resources available for the purpose.

Participants in the meeting called by the provincial party committee and government held a discussion on ways to develop Guizhou's township and town enterprises. [passage omitted]

At the closing session, provincial Secretary Liu Zhengwei and Governor Wang Chaowen made important speeches respectively.

Provincial party committee Deputy Secretary Long Zhiyi presided.

After analyzing the excellent situation in rural areas across the province and reaffirming the great achievements scored by township and town enterprises, Secretary Liu Zhengwei said: Guizhou's township and town enterprises have made slow progress. This is mainly because of a lack of understanding of township and town enterprises on the part of leading cadres. As a result, they have failed to keep a firm grasp on their work. Liu

Zhengwei put forward the following requirements for really boosting the development of township and town enterprises.

First, leading bodies at all levels must deepen their understanding of the situation and focus on economic work. It is essential to create a major climate for developing township and town enterprises in a big way across the province.

Second, the leadership and rank and file must make concerted efforts to increase investment, broaden channels for raising funds, and encourage the establishment of stock companies.

Third, we must proceed from reality in everything we do and carry out the party's policies effectively and flexibly. All departments concerned must lift restrictions on lower levels on their own initiative rather than otherwise.

Fourth, greater efforts should be made to give wide publicity to the development of township and town enterprises to form correct public opinion. GUIZHOU RIBAO, the Guizhou Broadcasting Station, and Guizhou Television must frequently report on advanced, typical township and town enterprises which are cost-effective and yield quick results, and on their experiences.

In his speech, Governor Wang Chaowen said: We should develop township and town enterprises in light of the market situation, turn to science and technology for their growth, and focus on their economic performance. Township and town enterprises should persist in comprehensive development, ensure product quality, and raise economic efficiency. They should add value to their products by multiple processing and develop primary, secondary, and tertiary industries in a coordinated manner. It is necessary to increase capital investment, introduce funds from other provinces and countries, and establish a fund for developing various levels of township and town enterprises. Departments in charge of township and town enterprises at every level must organize a number of projects. All sorts of talented people who have made outstanding contributions must be given big rewards and put in important positions. All levels of governments must try to provide better service and send competent cadres to township and town enterprises to take charge of their administration and strengthen their leading bodies.

Provincial Advisory Committee Chairman Su Gang and Deputy Secretary (Liang Minde) also delivered speeches, stressing the need to set off a new high tide of setting up township and town enterprises.

Provincial party, government, and military leaders also attending the meeting were Zhang Yuhuan, Miao Chunting, Zhang Shukui, Zhu Qi, et al.

Yang Rudai Addresses Three Gorges Meeting

OW2207080692 Chengdu Sichuan Television
Network in Mandarin 1145 GMT 20 Jul 92

[From the "Sichuan News" program]

[Text] Sichuan held a provincial meeting in Chengdu today to discuss the provision of specific functional aid to reservoir areas for the Three Gorges Project. Attending the meeting were provincial party committee Secretary Yang Rudai, Vice Governor Ma Lin, officials from 56 provincial departments concerned, and members of the provincial leading group for emigration related to the Three Gorges Project.

The meeting was mainly aimed at mobilizing relevant provincial departments to provide specific functional aid to reservoir areas of the Three Gorges Project. One, the state departments assigned to provide specific functional aid and the departments designated to help poverty-ridden areas are to remain unchanged. Two, general departments and departments in charge of infrastructure construction projects are to provide specific functional aid at the prefectural level. Three highly specialized departments are to provide specific functional aid at the county level. The departments are specifically required to provide assistance in practical work, financial aid to local projects, and qualified personnel; to extend preferential policies; as well as to establish good lines of communication.

Yang Rudai, secretary of the provincial party committee, stressed at the meeting that we must seize the opportunity brought about by the Three Gorges Project to invigorate the economy. Leading comrades must have a sense of urgency, responsibility, and dedication; emancipate their minds and break away from their past mentality of relying on aid; and seize the opportunity to do a good job in carrying out developmental resettlement.

Northeast Region

Heilongjiang Meeting on Township Enterprises

SK2207132792 Harbin HEILONGJIANG RIBAO
in Chinese 8 Jul 92 p 1

[By reporters Zhang Zhizhong (1728 3112 0022), Yao Yi (1202 0001), and Shen Guang (3088 0342): "Take Township Enterprises as a Strategic Priority in the Endeavor To Bring Heilongjiang's Economy Up to a New Stage"]

[Text] The provincial meeting on township enterprises, which concluded on 7 July, called for efforts to take township enterprises as a strategic priority in the endeavor to bring Heilongjiang's economy up to a new stage; enhance township enterprises' dominant position in the rural economy and small- and medium-sized enterprises; and, by following the principle of suiting measures to local conditions, giving different guidance

according to different conditions, emphasizing priorities, and achieving multifaceted development and by adopting unconventional measures, make sure that Heilongjiang's township enterprises develop by leaps and bounds in the Eighth Five-Year Plan period.

The meeting was held by the provincial party committee and government. Shao Qihui, Ma Guoliang, Cong Fukui, and Sun Kuiwen attended and addressed the meeting.

The meeting was held to discuss the goals of township enterprise development in the latter three years of the Eighth Five-Year Plan period, the plans for the emulation in marching toward a fairly comfortable life and developing township enterprises, the substantial development of peasants' shareholding and cooperative enterprises, and other issues. Provincial government departments in charge of the overall economic responsibilities, economic levers, and various sectors of the economy put forward measures for further supporting township enterprises.

The meeting noted: The key to a success in Heilongjiang's township enterprise development lies in unifying the thinking of the vast number of cadres and the masses in line with the guidelines of Comrade Xiaoping's important talks given during his southern China inspection tour, the guidelines the document No. 4 of the central authorities, and the guidelines of Comrade Jiang Zemin's speech given at the Central Party School and in embracing the idea of seizing the opportunity to accelerate development; lies in implementing the provincial party committee's principle of taking township enterprise development as the major way leading peasants to a fairly comfortable life and as the strategic priority of the endeavor to develop county economy and even the economy of the entire province and in placing township enterprise development in the dominant position of the rural economy; and also lies in enabling cadres at all levels to achieve a common understanding that developing township enterprises is "leading persons' economic work" and in making principal leaders attend to and hold the responsibility for it personally.

The meeting urged all localities to learn from past lessons, act honestly in line with the law governing the economy, regard investment as a most important issue concerning Heilongjiang's township enterprise development, and resolve it conscientiously. It noted: Funds should be used chiefly in technical transformation and capital construction. Technical transformation is a particularly pressing issue as far as township enterprises are concerned. When conducting technical transformation, township enterprises should focus on efficiency, take market demand as a guide, adopt coordinated measures, and muster funds and materials to invest in the products and enterprises in the lead so that the investment will yield good economic efficiency. They should first focus on their own technological development and, based on this, assimilate and apply imported technology to improve their levels in technical transformation. While

giving close attention to technical transformation, they must never neglect capital construction because large structural adjustment depends mainly on capital construction. Neither must they neglect development of new projects. Only in this way can they provide material foundation and means for economic development. They should select and plan projects well when they intend to increase investment. The projects are the targets for their investment, which will yield benefits only when good products and projects are selected accurately. Therefore, township enterprises should have the initiative in developing new projects, the spirit to strive for success, and the ability to work out methods for attaining their purposes.

As to how to collect funds, explicit requirements were put forward at the meeting: First, bank loans, which constitute the major channel for fund supply, should be consolidated and expanded. Second, township enterprises should improve their fund accumulation system and enhance their capacity for accumulating funds for developing themselves. Third, the channels for money lending should be expanded. Fourth, peasants' shareholding and cooperative enterprises should be developed greatly.

It was emphasized at the meeting: In the future development of Heilongjiang's township enterprises, we should persistently arm enterprises with advanced technology and equipment. A key link of this is to make positive efforts to develop from a high starting point the products with a high technology content and additional value and to further adjust the product mix. Enterprises should pay attention to both developing with their own efforts and importing from others, which includes reliance on large cities and large enterprises for the production of such products, application of the new achievements of colleges, universities, and large scientific research units, and purchases of patent rights.

Improvement of the quality of personnel is the most important key among the keys to promoting the technological advance of enterprises and raising their quality. The meeting noted: Regarding personnel training, first, we should establish a rational mechanism for the use of cadres and regard cadres' ability to manage township enterprises as an important criterion for judging whether they have the ability to lead rural economic work. Evaluation of cadres' performance should also be based on the extent of the development of township enterprises. We should encourage incumbent cadres to study economics and cherish township enterprises and to become experts in the work of township enterprises as soon as possible. Second, we should adopt various measures to intensify the training of the existing managerial cadres. Third, we should replenish the cadres' contingents of township enterprises. Fourth, we should implement the policy on invigorating scientific and technical personnel, actively bring in the personnel needed in local township enterprise development, and encourage the surplus scientific and technical personnel of large cities

and enterprises, colleges and universities, and large scientific research units to enter township enterprises, which constitute the major battlefield.

It was pointed out at the meeting: A faster development of Heilongjiang's township enterprises depends on reform and opening up. Concerning enterprise reform, the operating mechanism should be improved on the part of enterprises; and government functions should be changed to provide favorable conditions for the reform and development of enterprises. A fairly flexible operating mechanism for independent management, responsibility for profits and losses, self-regulation, and self-development is the advantage of township enterprises, which state enterprises should apply. However, some township enterprises are exercising management in line with the personnel, employment, and distribution systems of state enterprises. The provincial party committee and government urged all localities to change such a situation.

At the meeting, governments at all levels were urged to change functions, transfer power to lower levels, exercise indirect regulation and control focusing on the policy regulation and control, and strengthen service.

During the meeting, advanced township enterprises introduced their experiences, and participants visited the township enterprises in Mudanjiang outskirts and Hailin County.

Liaoning Democracy Association Congress Opens

SK2207135692 Shenyang Liaoning People's Radio
Network in Mandarin 1030 GMT 19 Jul 92

[Text] The seventh congress of the Liaoning Provincial Committee of the China Association for Promoting Democracy opened in Shenyang on 19 July. The major items on the agenda are: Implementing the guidelines of Deng Xiaoping's important speeches during his tour of southern provinces and the plenary session of the Political Bureau of the CPC Central Committee; listening to, examining, and discussing the work report of the Sixth Liaoning Provincial Committee of the China Association for Promoting Democracy; electing leading organs of the seventh provincial committee of the China Association for Promoting Democracy; and defining future work tasks.

Ge Zhicheng, vice chairman of the Central Committee of the China Association for Promoting Democracy, attended the congress and made a speech to extend congratulations. Invited to the congress were Shang Wen, deputy secretary of the Liaoning Provincial CPC Committee; Shen Xianhui, vice chairman of the provincial committee of the Chinese People's Political Consultative Conference; Liu Qingkui, director of the United Front Department of the Liaoning Provincial CPC Committee; Cui Yukun, secretary general of the provincial government; Ding Jiaren, deputy director of the United

Front Work Department of the provincial party committee; and responsible persons of provincial level departments.

Jiang Yongwei, vice chairman of the provincial committee of the China Association for Promoting Democracy, presided over the congress. (Tao Chengguo), vice chairman and secretary general of the provincial committee of the China Association for Promoting Democracy, delivered an opening speech on behalf of Niu Pingfu, chairman of the provincial committee of the China Association for Promoting Democracy. Gao Qingzhou, chairman of the provincial committee of the China Democratic League, made a congratulatory speech at the congress on behalf of all democratic parties and industrial and commercial federations. (Liu Cun), vice chairman of the provincial committee of the China Association for Promoting Democracy, made a work report entitled "Strengthen Self-construction With Focus on Economic Construction and Positively Participate in and Discuss Political Affairs To Create a New Situation in Liaoning's Work of Promoting Democracy."

Northwest Region

Xinjiang Commentator on Opening Six Cities

OW2107011092 Urumqi XINJIANG RIBAO
in Chinese 5 Jul 92 p 1

[Commentator's article: "Concentrate on Preparatory Work and Implementation"]

[Text] An important task currently facing us is to seize the "golden" opportunity to launch various types of preparatory work aimed at opening up six cities. Based on this work, we should accelerate the pace of comprehensively opening up our region and create a new situation of opening to the outside world.

Before preparing for opening up the six cities, we should seek a consensus regarding the principle of opening to the outside world. During our previous efforts at opening up and construction, we often stressed the many advantages we enjoyed in terms of resources and the few geographical superiorities we possessed. We stressed production to the neglect of commerce and trade. We paid attention to the primary and secondary industries and talked little of the need to develop tertiary industry. Consequently, we accumulated funds slowly and failed to achieve satisfactory results. The Central Asian market has now become one of the markets with the greatest potential. It has attracted international attention. Because of this market, Xinjiang is in the most ideal geographical position. This position is irreplaceable. In opening up the six cities and other parts of the region, we should fully exploit Xinjiang's geographical superiorities and uphold the principles of "tapping resources in light of geographical superiorities, conducting trade before promoting industry, invigorating commercial activity, opening wider to the outside world, importing from

abroad, forging lateral ties at home, and jointly establishing trading ports." We should also quickly build our region into a trading port and bridgehead through which the entire country opens to the West. This is a very important task. Only by reaching a consensus regarding the principle of opening to the outside world can we join forces in preparing for opening wider to the outside world.

Swiftly implementing various central preferential policies is a pressing task in our preparations for opening up the six cities. Some of our cadres have acted in the following way: In the past, they complained about difficulties and asked the central authorities to formulate relevant policies. Now that the central authorities have granted them preferential policies, they have failed to study and apply them well. We should remedy this practice as soon as possible. Leading cadres from the six cities and other parts of the region should sit down to seriously and thoroughly study the central policies. Afterward, they should implement the policies effectively, flexibly, promptly, fully, and thoroughly. Effective implementation of those policies means that we should comprehend their essence so as not to go astray during the course of implementation. Flexible implementation means that we should link central policies with local conditions and be bold in implementing them in an innovative and flexible manner. Because Xinjiang is a vast territory and because conditions vary greatly in different areas, we cannot apply a specific policy to solving all complex and variable problems. Thorough implementation is possible only if we apply central policies in light of the evolving circumstances in various localities. The central authorities have formulated policies on opening up border areas. These areas include Xinjiang and other frontier provinces and regions. Prompt implementation means boldly implementing those policies before others and gaining a head start in the fierce competition. We usually implement central policies in two ways—"with reservations" for "fear" of taking risks, or in a bold and adventurous fashion. In the latter case, we apply various preferential terms afforded by central policies. By full and thorough implementation we mean to implement central policies boldly and adventurously. Moreover, we should integrate and expand various policies. This will help us to quickly and thoroughly implement central policies and to tap their powerful role in opening up the six cities and other parts of the region.

Laying the groundwork, both tangible and intangible, for opening up the six cities is the centerpiece of relevant preparatory work. Tangible groundwork primarily means the planning of economic and technological development zones and border economic cooperative zones, as well as the construction of infrastructure. In laying this groundwork, various open cities should set the direction of industrial development and select their developmental models in light of their resources, basic industrial structures, and potential for development. They should stress their distinctive features and avoid

uniformity. They should not plan large zones; instead, they should resort to piecemeal and continuous development so that they can reap returns after the development of each plot. Intangible groundwork principally means market research and the training of personnel. Without trying to understand the market and training personnel, our policy of opening to the outside world will become an empty slogan. In certain aspects, it is more difficult to lay this intangible groundwork. Besides, this groundwork is more important than the tangible one. Various open cities should show foresight and adopt effective measures in laying the intangible groundwork.

Opening up the six cities is a brand-new cause. We must abolish conventional leadership and operational practices. Instead, we should adopt a new leadership style and a new operational mode, explore and experiment boldly, and forge

ahead courageously. Various open cities should expand reform, take the course of "subordinating the government to the masses," display the spirit of "paying particular attention to special tasks," streamline administration, improve services, and create a group of working agencies and a set of operating mechanisms that are highly effective and suitable for the economic development of various zones. All relevant departments should modify their functions, improve services, raise their work efficiency, solve problems that arise in the course of opening up the six cities, and safeguard the program of opening up those cities. In short, only close cooperation between the leadership and the rank and file, and among various localities and departments throughout the region can smooth preparations for opening up the six cities and create a new situation in opening the entire region to the outside world.

Taipei Officially Opens Embassy in Niger*OW2307090592 Taipei CNA in English
0803 GMT 23 Jul 92*

[Text] Taipei, July 23 (CNA)—The Embassy of the Republic of China in Niger was officially established Wednesday after Niamey reaffirmed its diplomatic ties with Taipei.

A spokesman for the Ministry of Foreign Affairs said this morning that the Nigerian Government accepted Tuesday the credentials of Charge d'Affaires Sung Tzu-cheng of the Republic of China Embassy.

The spokesman said the two countries will strengthen cooperative ties after the establishment of the embassy in Niamey.

The two countries announced the resumption of diplomatic relations on June 19.

Trade, Cultural Office in Poland Planned*OW2207102492 Taipei CNA in English
0744 GMT 22 Jul 92*

[Text] Taipei, July 22 (CNA)—The Republic of China [ROC] will soon establish a cultural and economic office in Warsaw, Poland, an official of the Ministry of Foreign Affairs said Tuesday.

The two countries have agreed to exchange cultural and economic offices, he said.

The agreement was reached when Vice Foreign Minister Fang Chin-yen visited Poland a few days ago.

The Taipei office in Poland will issue visas and promote cultural and economic relations between the two countries.

Poland is Taiwan's leading trade partner in Eastern Europe. Two-way trade between the two countries totaled US\$270 million in 1991.

DPP To Drop Independence Theme in Polls*HK2207075492 Hong Kong SOUTH CHINA
MORNING POST in English 22 Jul 92 p 10*

[By Willy Wo-lap Lam in Taipei]

[Text] Taiwan's opposition Democratic Progressive Party (DPP) will drop independence as its campaign theme during the December elections to the Legislative Yuan.

DPP chairman Mr Hsu Hsin-ling said yesterday that the party would focus on economic and financial issues, especially on how the ruling Kuomintang had "mishandled" the multi-billion six-year economic development programme.

The leader of the DPP's moderate "Formosa Faction," Mr Hsu also indicated that the party was eager to

develop relations with the United Democrats of Hong Kong and other liberal parties in the territory.

But Mr Hsu deplored the fact that in recent years, he had been turned down four times when he applied to Hong Kong for an entry visa.

The DPP chairman said he recognised that the party's outright advocacy of independence had hurt it in voting for the National Assembly last December.

"During campaigns for the Legislative Yuan, I expect most candidates will give priority to economic and financial matters," Mr Hsu said.

The DPP, which is fielding 60 candidates, would concentrate on how the Kuomintang (KMT) had mishandled the U.S.\$300 billion (HK\$2,319 billion) six-year economic development plan, he said.

Mr Hsu claimed that the KMT together with "major financial groupings" had engaged in widespread corruption.

"Taipei has already incurred NT\$420 billion (HK\$129 billion) for its 80-odd kilometre rapid-transit system," Mr Hsu said. "However, Singapore only spent NT\$70 billion for its 60 kilometre mass transit facility."

Other economic issues DPP candidates would highlight included runaway inflation and the prospect of raising taxes.

Mr Hsu said that because it was the first time the entire legislature was open for elections, he was confident voter turnout would be better and support for the opposition significantly enhanced.

Both Mr Hsu and Mr Lin Chu-shui, a leader of the radical New Wave Faction of the DPP played down recent in-fighting between the opposition's cliques.

Mr Lin, who is running for a legislative seat in Taipei, said that recent international developments had favoured the cause of building up a Taiwan Republic.

"The dissolution of the former Soviet Union has global significance," said Mr Lin.

"Already, all over China, different provinces are asserting their economic—and to some extent—political independence."

Mr Hsu said he hoped to build closer ties with liberal forces in Hong Kong, especially the Democrats because "the fate of Taiwan and Hong Kong are closely inter-linked."

CSDP Claims More Than 100 Members in Mainland*HK2307053592 Hong Kong SOUTH CHINA
MORNING POST in English 23 Jul 92 p 9*

[By Willy Wo-lap Lam]

[Text] The head of Taiwan's third largest political party, the Chinese Social Democratic Party (CSDP), has claimed it has more than 100 members on the mainland.

Party chairman and legislator Dr Ju Gau-jeng, known as the "Rambo" of Taiwan politics for his pugilistic antics in the Legislative Yuan, said the CSDP was gaining a larger following among well-educated voters in Taiwan.

"We have gained the adherence of exiled Chinese dissidents as well as residents of the mainland, from whom we collect a token membership fee of three yuan (HK\$4.25)," he said.

"However, in order not to provoke Beijing, we do not ask our members on the mainland to engage in any political activity."

Dr Ju said his party, which had more than 40,000 affiliates, would be fielding several candidates for legislative elections towards the end of the year.

The major platform of the party would be "a market economy with social justice and full employment."

A former leader of the major opposition party, the Democratic Progressive Party (DPP), Dr Ju said it was difficult for his small party to spread its message because the media was under the control of either the ruling Kuomintang or the DPP.

"Politics in Taiwan has degenerated into a plutocracy where only candidates backed by big money can win," Dr Ju said.

The CSDP advocates a "federal system" for China, or the formula of "one country, several systems" to solve the problem of reunification.

"I believe there is something like a chain-effect between Hong Kong and the mainland," Dr Ju said. "On the one hand, the special economic zones would become more like Hong Kong and, on the other hand, the rest of the country also moves closer to the SEZs."

MAC Officials Assert Legitimacy of Nation

OW2307092092 Taipei CNA in English
0741 GMT 23 Jul 92

[Text] Taipei, July 23 (CNA)—Officials of the Mainland Affairs Council [MAC] said Wednesday that the Republic of China Government's legitimacy is undeniable.

Ma Ying-jeou, vice chairman of the cabinet-level council, said the government has maintained its rightful status since the Republic of China was founded in 1911.

Ma was rebutting a Peking spokesman's Tuesday remarks that the newly passed statute governing the relations between the people on Taiwan and the mainland was based on the government's legitimacy that ceased to exist when Chinese Communist troops occupied the mainland in 1949.

He said the remarks, made by Deputy Director Li Qingzhou of the Communist Chinese State Department's Taiwan Affairs Office, indicate that Peking leaders ignore the reality of separation between Taiwan and the mainland.

Ma said the statute was passed by the Legislative Yuan in accordance with the prevailing public opinions.

Chu Wu-hsien, director of the Legal Affairs Department of MAC, also said yesterday that the Chinese Communist regime should not ignore the existence of the Republic of China and the fact that China is now separated.

Peking's "one country, two systems" formula for reunifying China was designed to downgrade the status of the Republic of China to that of a province and "to swallow up Taiwan," Chu said.

The statute, which was passed on July 16, provides "flexible" principles, under which the government can improve cross-strait relations when the time is ripe, he pointed out.

Under the statute, Taiwan may consider establishing direct mail, trade, and transportation links with the mainland, if Peking recognizes the two sides of the Taiwan straits as equal political entities, renounces the use of military force against Taiwan, and stops isolating Taiwan diplomatically, Chu added.

Hong Kong

Shenzhen's Li Hao Favorite for XINHUA Post

Slated To Replace Zhou Nan

HK2107023692 Hong Kong SOUTH CHINA
MORNING POST in English 21 Jul 92 p 1

[By Kent Chen]

[Text] Shenzhen party chief, Mr Li Hao, has emerged as the favourite candidate to succeed the Director of the Hong Kong branch of the NEW CHINA NEWS AGENCY [NCNA—XINHUA], Mr Zhou Nan, who has been in poor health since soon after taking up the post.

Mr Zhou, China's top representative in Hong Kong, has been in Beijing for some time after undergoing an operation there. His wife has also been receiving medical treatment.

An informed source said yesterday Mr Zhou's departure was only a matter of time, although a vice-director, Mr Qin Wenjun, denied that Beijing was looking for a successor to Mr Zhou.

"We expect the person to provide the kind of leadership necessary for cultivating a cohesive force in Hong Kong to ensure the smooth transition in the run up to 1997," the source said.

"If the director is still plagued by poor health after the operation, we have no choice but to accept a change in the leadership in the NCNA."

Sources said although two Beijing-based officials had been suggested as possible candidates to succeed Mr Zhou, the 66-year-old Mr Li could be the dark horse.

He is secretary of the Chinese Communist Party's Shenzhen municipal committee.

The selection of Mr Yan Mingfu, the former head of the party's United Front Work Department and now vice-minister of civil affairs, was described as "less likely."

And the vice-director of the Hong Kong and Macao Affairs Office, Mr Chen Ziying, was regarded by locals as "just another diplomat."

In an unusual move, Mr Li, together with Director of the Hong Kong and Macao Affairs Office, Mr Lu Ping, attended a meeting between the Prime Minister Mr Li Peng and leading Hong Kong businessman Mr Peter Woo in Beijing last week.

A native of Guangdong, Mr Li was deputy secretary-general of the State Council from 1983 to 1985 and was later appointed Guangdong vice-governor. He has been Shenzhen party chief since 1988.

A local deputy to the National People's Congress and Hong Kong Affairs adviser Mr Cheng Yutong said the

choice of Mr Zhou's successor depended on Beijing's definition of the role of the NCNA during the transitional period.

Another local NPC delegate and Hong Kong affairs adviser, Miss Dorothy Liu Yiu-chu said the choice of Mr Li would be welcomed by the people of Hong Kong.

Miss Liu described Mr Li as an "amiable and sincere" official who was proficient in political, economic and cultural affairs.

"It is difficult for Hong Kong people to accept a person who has no previous experience in the south or who is not a Cantonese," she said.

Zhou Undergoes Surgery

HK2307034292 Hong Kong TA KUNG PAO
in Chinese 23 Jul 92 p 12

["Special dispatch" from Beijing: "Zhou Nan Undergoes Surgery in Beijing, Expected To Return to Hong Kong in Mid-August To Meet With Governor Chris Patten"]

[Text] Beijing, 22 Jul (TA KUNG PAO)—Zhou Nan, director of the XINHUA News Agency-Hong Kong branch, underwent prostate surgery in Beijing and is presently recuperating in a hospital there. Once he shows progress, he is expected to return to Hong Kong in mid-August.

According to Zhou Nan's private secretary, because Zhou Nan only underwent surgery five days ago, he will have to stay in the hospital for a while during his recuperation. His meeting with Hong Kong Governor Chris Patten, originally scheduled for 16 July, will have to be postponed because of his surgery. A new date will be set after Zhou Nan returns to Hong Kong.

Zhou Nan has made a fast recovery after the surgery and is now able to eat solid food as well as do some exercises. His spare time is spent mainly in reading books and newspapers.

Secretary Denies Zhou To Retire

HK2307055092 Hong Kong AFP in English
0507 GMT 23 Jul 92

[Text] Hong Kong, July 23 (AFP)—Zhou Nan, the head of the XINHUA NEWS AGENCY in Hong Kong, will return to the British colony next month after recuperating from minor surgery in Beijing, Chinese sources said Thursday.

Zhou, whose position makes him China's de facto government representative here, has been absent from the territory since June, generating speculation that he would be replaced by a more senior official at a time when Beijing and London are embroiled in a row over the financing of Hong Kong's multi-billion dollar new airport project.

But the sources said he was recovering from minor surgery on an enlarged prostate gland at the Beijing Hospital a week ago.

His absence prevented him from attending the inauguration of the territory's new governor, Chris Patten, earlier this month.

Zhou's personal secretary Wednesday had told reporters in Beijing that he would be returning to Hong Kong in August as doctors had advised him to rest for at least two weeks.

The secretary said a meeting between Zhou and Patten set for this month had been delayed until August, adding that Hong Kong's new governor had sent a get-well telegram to Zhou.

He also denied that Zhou would be retiring from his post at the XINHUA NEWS AGENCY.

Correction to Official's Remarks on Airport Talks *HK2207055792*

The following correction pertains to the item headlined "Official's Remarks 'Not Helpful' to Airport Talks," published in the 21 July China DAILY REPORT, page 69:

Right-hand column of page, second paragraph, fifth sentence, make read: ...in Beijing for a visit yesterday, favored "setting a ceiling" on the airport project, that is, setting ... (changing "blockading" to "setting a ceiling on")

Governor To Receive 'Messages' From Beijing *HK2307053292 Hong Kong THE STANDARD in English 23 Jul 92 p 4*

[By Denise Wong]

[Text] The Governor Chris Patten will receive "messages" from Beijing officials today, through the territory's first pro-China political party.

The Democratic Alliance for the Betterment of Hong Kong is to reveal the "messages" from Lu Ping, the director of the State Council's Hong Kong and Macao Affairs Office, to Mr Patten.

But party chairman Tsang Yok-sing is tight-lipped about the context of "the several sentences."

"Mr Lu had told us not to disclose it before telling Mr Patten," Mr Tsang said upon the return from Beijing of the party's 21-member delegation.

China has invited the two-week-old alliance to make official visits every six months.

Mr Tsang denied that Beijing officials were using the alliance as megaphones in publicising China's discontent over the new airport's financing arrangement.

"They were only telling us their views sincerely. If any megaphone had been used, it would be the many Hong Kong journalists in Beijing rather than us," said legislator Tam Yiu-chung, vice-chairman of the alliance.

The battle of words between the Chinese and Hong Kong governments, which accused each other of revealing details of the confidential airport talks, escalated with the remarks of several top Beijing officials.

Communist Party head Jiang Zemin warned Britain against bullying China over the airport talks.

Officials of the Hong Kong and Macao Affairs Office also accused Britain of raising issues outside the scope of the Sino-British Memorandum of Understanding.

"Mr Lu said the Chinese side was glad to open up the airport negotiations, if Britain was willing to do so," Mr Tsang said.

He said that would enhance the transparency of the talks and allow the Hong Kong public to know what was happening.

"China is willing to cooperate with the British Government. China is eager to have the airport built early," he said.

On the future political system, alliance secretary Cheng Kai-nam said Mr Lu insisted on the two principles of balanced participation of various sectors, and facilitating a stable transition.

Mr Cheng said Chinese officials had not expressed support for any voting system for the 1995 Legislative Council direct elections but were interested in proposals on a proportional representation system.

Lu Ping Meets Democratic Alliance Delegation

Clarifies Jiang Remarks to Group *HK2207081492 Hong Kong THE STANDARD in English 22 Jul 92 p 3*

[Text] The Director of the State Council's Hong Kong and Macao Affairs Office, Lu Ping, has said China had no intention of "bringing up old conflicts" concerning the development of Sino-British ties.

Mr Lu noted that the press in Hong Kong had described what Communist Party chief Jiang Zemin had said on Monday about the history of Hong Kong, as "raising old issues" which had strained Sino-British relations.

At a meeting with a delegation of the Democratic Alliance for the Betterment of Hong Kong, Mr Jiang had mentioned the Opium War and the fierce anti-British feelings that were expressed during the Cultural Revolution.

Mr Lu offered the clarification before holding an official meeting with the pro-China party led by its chairman Tsang Yok-sing.

"Mr Jiang reminisced about the history of Hong Kong because Mr Tsang is a secondary school headmaster," Mr Lu said.

On Foreign Passport Holders, Elections

HK2307053892 Hong Kong SOUTH CHINA
MORNING POST in English 23 Jul 92 p 1

[By Doreen Cheung]

[Text] Foreign passport holders should not be barred from taking part in the 1995 Legislative Council direct elections, according to the Director of the State Council's Hong Kong and Macao Affairs Office, Mr Lu Ping.

His comment, made to a visiting Hong Kong delegation of the Democratic Alliance for the Betterment of Hong Kong (DAB), quashed speculation that directly elected members in the 1995 legislature would not be able to hold foreign passports.

Mr Lu told the 21-strong delegation that the Government should not strip foreign passport holders of the right to stand for the 1995 direct elections.

Under the Basic Law, foreign passport holders are only allowed to take up to 20 percent, or 12, of the 60 Legislative Council seats.

Mr Lu was quoted as saying that he favoured allocating the 12 seats in proportion to the distribution of different types of legislators in the 1995 assembly.

By 1995, 20 members of the legislature will be returned by direct election, 30 by functional constituency polls and the remaining 10 by an election committee.

To allocate the 12 seats proportionally would mean two for the election committee, four for directly elected members and six for functional constituencies.

Such an arrangement was one of the options proposed by the pro-China party for the 1995 electoral arrangements.

The DAB also suggested another option which envisaged foreign passport holders contesting only seats set aside for the election committee and the functional constituency polls.

Mr Lu's remarks failed to pacify directly elected legislators who believed that China was far from clear on how it was going to implement the Basic Law nationality requirement for legislators.

Aside from Miss Emily Lau Wai-hing, directly elected member Dr Huang Chenya holds a foreign passport and Dr Lam Kui-shing and Mr Albert Chan Wai-yip have Canadian right of abode.

Miss Lau said she was confused by Chinese officials' changing position on whether to allow foreign passport holders to sit in the legislature as directly elected members.

She said Mr Lu's suggestion was fair, but he had failed to say definitely how the 20 percent ceiling on foreign passport holders could be set.

"Not even the government officials can tell," she said.

Miss Lau urged the Chinese Government to announce its policy as soon as possible.

Mr Chan also welcomed Mr Lu's suggestion, noting that he had not renewed his Canadian passport upon its expiration.

He said he might even give up his Canadian right of abode if necessary.

Mr Lu also told the DAB that the Sino-British Joint Liaison Group should discuss matters relating to the 1995 elections as soon as possible to ensure a smooth transition where the 1997 legislature was concerned.

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